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Norman Loyall McLaren

BUSINESS AND CLUB LIFE IN SAN FRANCISCO

Recollections of a California Pioneer Scion





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N. Loyall McLaren  
ca. 1970

*photography by Gabriel Moulin*

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University of California  
Berkeley, California

Society of California Pioneers Series

Norman Loyall McLaren

BUSINESS AND CLUB LIFE IN SAN FRANCISCO

Recollections of a California Pioneer Scion

An Interview Conducted by  
Gabrielle Morris and  
Ruth Teiser

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## PREFACE

The Society of California Pioneers Oral History Series was initiated in 1977 to preserve the recollections of men and women prominent in their respective fields whose achievements, knowledge and expertise form a significant contribution to the history and progress of California.

These memoirs have been created by a grant from The James Irvine Foundation to record in permanent form the continuation of the traditions of California's founders. Executive Director J. Roger Jobson of The Society of California Pioneers is advisor to the series.

James Irvine, 1868-1947, was the son of a forty-niner, a native of California and Director and Vice President of The Society of California Pioneers from 1928 until his death. Through The James Irvine Foundation he left an enduring legacy to the people of California.

In the oral history process, the interviewer works closely with the memoirist in preliminary research and in setting up topics for discussion. The interviews are informal conversations which are tape recorded, transcribed, edited by the interviewer for continuity and clarity, checked and approved by the interviewee, and then final-typed. The resulting manuscripts indexed and bound, are deposited in the Library of The Society of California Pioneers; The Bancroft Library; and the University Library at the University of California at Los Angeles.

The Regional Oral History Office was established to tape record autobiographical interviews with persons prominent in recent California history. The Office is under the administrative supervision of Professor James D. Hart, the director of The Bancroft Library.

Willa K. Baum  
Department Head  
Regional Oral History Office

18 September 1978  
Regional Oral History Office  
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University of California  
Berkeley, California 94720

## INTRODUCTION, by Morris Doyle

Loyall McLaren was born in 1892 and was seventeen years older than I. Although I knew of him as a leading accountant and distinguished citizen of San Francisco, we did not meet until he was about sixty-five years of age, and so I knew him only during the last twenty years of his life, which ended in October, 1977, at the age of eighty-five. We became fast friends at a time of life when new friendships are not readily formed. The difference in our ages meant nothing; it could have been twice as much without making any difference. He was younger than most men half his age.

When we first met, Mr. McLaren had become, or was about to become, president of The James Irvine Foundation. He consulted with me as a lawyer about some litigation that had been brought against the foundation and its directors by a granddaughter of James Irvine. This was the first of a series of lawsuits between this individual and the foundation which extended over a period of almost twenty years. Loyall had been an adviser to James Irvine and had been instrumental in creating the foundation to which Mr. Irvine transferred in trust a controlling interest in the great Irvine Ranch in Orange County.

One of the lawsuits sought to have Mr. Irvine's charitable trust declared invalid, but the court upheld it, and the foundation continued to act as trustee. It was my privilege to become a fellow director with Mr. McLaren on the foundation board and to succeed him as president. We worked very closely together in defending the legal proceedings mentioned above and then in disposing of the foundation's interest in The Irvine Company, as required by the Tax Reform Act of 1969. Loyall's dogged determination to defend and maintain the Irvine Trust has resulted in the preservation of a permanent endowment for the benefit of the people of California. His basic integrity and business astuteness were equaled by his charm and wit--a circumstance not commonly encountered in the business world. In reflecting on the life of this remarkable man, one is reminded of Robert Burns' epitaph to William Muir:

"If there is another world, he lives  
in bliss; If there is none, he made  
the best of this."

April 1978  
San Francisco, California

INTRODUCTION by Thomas L. McLaren

I write this on the eve of my daughter's graduation from the University of California at Berkeley. Her grandfather knew she was going to graduate, and all of us know that this event would bring great pleasure to him. Certainly, one of the most important things in my father's life was his long-time association with the University. As the reader of these memoirs goes further into them, it will become more and more obvious that his work with his Alma Mater was one of the most rewarding for him.

Dictating the material that makes up these memoirs gave my father great pleasure during the last few months of his life, and it gave him the *raison d'etre* which would carry him until his final task was completed. All of his family are deeply indebted to Walter Frederick, who urged him to submit to this important task, and to the two fine ladies, Gabrielle Morris and Ruth Teiser, both of whom did the actual interviews with him, and were able to coax out of him the insights and anecdotes that make the work such a delight to read. I believe that the final document will serve a good purpose for The Bancroft Library and all those who knew, respected, and admired Loyall McLaren. Equally important, in my view, is the fact that it attests to the grand heritage which this remarkable man left to his family, and especially to his three grandchildren.

I am honored to have been invited to be a part of the preface to the works of such a giant of a man.

30 April 1978  
San Francisco, California

## INTRODUCTION, by Michael N. Chetkovich

I first came in contact with Loyall McLaren in 1940, when I was fresh off the Berkeley campus of the University of California and joined his accounting firm, McLaren, Goode & Co., in San Francisco as a junior accountant. At that time Loyall was already a legend in the Bay Area, a commanding figure, and I really was in awe of him. I remember that I'd feel considerable trepidation when I'd be summoned into his office to run an errand or to do something for him.

He could be imperious--he was an aristocrat, literally, and he played the role, but he did it with great class and with considerable warmth. And I remember, too, that when he wanted to put you in your place, he could do it in an instant, with his look, his voice and just a few well-chosen words. As the years passed and I got better acquainted with him, the difference in status mattered less, of course, and I came to know him as a friend. Yet, as long as he was in charge, you always knew that he was boss--and you always felt that he should be.

As a young staff accountant, I was proud to be a part of his firm, to be able to say that I worked for Loyall McLaren. Despite the fact that he was so important and that he could be imperious at times, he still could relate with the most junior members of the organization. We didn't see a great deal of him, since he was on the go so much, but when we did, he seemed keenly aware of us and made us feel part of the firm.

I remember, and always will, an occasion in the late nineteen forties when another staff accountant and I were in New York, briefly, on our way home from an engagement in Saudi Arabia. It happened that Loyall and his wife were in town and he had learned that we were there. Not only did he take us to dinner, at the Plaza Hotel, but then to Madison Square Garden to a Stanley Cup play-off game, where we had box seats at rinkside. We were overwhelmed; not only had nothing like that ever happened to us, but we were unable even to contemplate that it could.

What particularly impressed me in those early days, and as long as I knew Loyall, was the breadth of his interests, which the reader will discover for



himself in the pages of this memoir. It goes without saying that he was dedicated to the success of his own firm, which enjoyed a large regional practice on the Pacific Coast and a fine reputation. The merger of his firm with Haskins & Sells took place in 1952, when Loyall was sixty years old, and he had long since distinguished himself as a national leader in the profession. He was president of the California Society of Certified Public Accountants, as a young man, in 1928, and within the next few years he had written two books on taxation. These achievements were followed by service as vice-president and then as president of the American Institute of CPAs and by authorship of an award-winning book on corporate annual reports. In 1962 the AICPA awarded him an honorary membership for his many years of service to the profession.

In the twenty-five years during which he was associated with Haskins & Sells, at a time of life when most men are inclined to relax, he remained constantly active on behalf of the firm. I remember a telephone conversation, which he initiated, just a couple of weeks before his death. It was obvious that he was not feeling well, yet he wasted no time feeling sorry for himself. Instead, he insisted on discussing with me a number of matters of interest to our firm. His ideas were right on target, as always, his mind alert and his thinking keen.

But going far beyond the public accounting profession, Loyall was a tremendously entertaining person and the greatest storyteller I ever knew. He seemed to get as much kick out of his stories as his listeners did, and they were always good stories. In addition, he was an excellent writer, and not only in accounting, by any means. He wrote plays and skits for the Bohemian Club, that unique San Francisco organization that brings together a wonderfully interesting mix of business people, professionals, artists, writers and all kinds of personalities. One of my earliest memories of office duties connected with Loyall was helping to proofread a play, a spicy parody of a Falstaff scene from Shakespeare, that he had written for a Bohemian Club entertainment. There were laughs all over our part of the office, plus a few feminine giggles and blushes from the typists.

His wit, his literary talent, the number and prominence of his friends and acquaintances are among the really remarkable features of the man. People sought him out. His friendships went far above and beyond his own status as a CPA. He was a genuinely important person, a friend of the likes of Herbert Hoover and Dwight Eisenhower, of countless people. And it was obvious that he was a friend, and not just a casual acquaintance.

Loyall was deeply involved in a wide range of activities outside of his office because he enjoyed being with people and giving of himself; but he also did it because it was good for his firm. He had a great enthusiasm for developing his firm's practice, even in his retirement years. He wasn't bashful about seeking a new client, but he did it with flair and style, and he was enormously effective.

Loyall was true to his name; he was enthusiastically loyal to anything of which he was a part. One of his great interests, and an abiding one to the

end of his days, was the University of California. He was very active while a student on campus and he remained actively involved in many things having to do with the University throughout his life. And, like everything else in which he took an interest, the University benefited greatly from his involvement.

Probably the most outstanding aspect of Loyall McLaren, as I saw him, is that he was a man who would have enjoyed great success in almost any line of work he might have chosen. He stands out in my mind as one who could fill almost any position of responsibility and do it well. In fact, the bigger the job, the better would he fill it. He could have been a top corporate executive-- as a problem solver and decision maker he was one of the very best. He didn't agonize over a decision, and once he had made up his mind, that was it, and he went on to something else. He was strong-willed and highly motivated. He would have made an outstanding attorney, or a journalist, or almost anything. He was razor sharp, had a warm, winning personality, great motivation and drive. He had it all. We shall miss him greatly, for he was one of a kind.

We are fortunate that the Regional Oral History Office of The Bancroft Library has arranged to publish this book of Loyall McLaren's reminiscences. It will help others to appreciate the really great and unique personality that I was privileged to know.

---

New York, New York  
3 April 1978

## INTERVIEW HISTORY

Although the University had urged him to do so for several years, it was not until the Society of California Pioneers established a series of memoirs with descendants of early California families that Norman Loyall McLaren agreed to tape-record his recollections of his remarkably varied and productive participation in the business and civic life of California with the Regional Oral History Office of The Bancroft Library. The Society is to be particularly thanked for beginning this series when it did, in 1977, because Mr. McLaren died shortly after recording of these interviews was completed.

With the energy and interest characteristic of successful individuals, Mr. McLaren discusses Ashe and Loyall family forebears' participation in Colonial leadership as well as of San Francisco from the 1850s onward; and his own role in the growth of the accounting firm started by his father, touching on major local and national trends as seen through leadership of professional societies in his chosen field, and eventual merger of his firm with a distinguished member of the Big Eight, Haskins & Sells.

Intertwined with purely business history and reflecting his enjoyment of people and experience are his descriptions of involvement on a variety of corporate and charitable boards, government appointments, and social activities. Clearly the most important of these were service to his alma mater, the University of California; his beloved Bohemian Club; and to the man he describes as having a major influence on his life, James Irvine.

Mr. McLaren's gift for friendship and the esteem and respect in which he has been held by his many associates are reflected in the introductions to this memoir. The first is by Morris Doyle, partner in McCutchen, Doyle, Brown & Enersen and president of the James Irvine Foundation; the second by Michael N. Chetkovich, who joined McLaren, Goode & Co. as a fledgling business graduate and is now managing partner of Haskins & Sells; and the third by his son, Tom.

### Conduct of the Interview

Because of the breadth of Mr. McLaren's undertakings, three interviewers worked with him on this memoir: Ruth Teiser and Catherine Harroun, specialists in San Francisco history, and Gabrielle Morris, experienced in business and governmental affairs. Seventeen interviews were recorded between April 27 and October 13, 1977, in Mr. McLaren's handsome apartment at The Tamalpais in Greenbrae, Marin County.

The general outline of the interviews was discussed with Mr. McLaren in advance, since his vision had been severely impaired for a number of years. With remarkable power of recall, he would compose his responses in his head before replying to each day's topics, expanding on his experiences in reply to questions, and taking pleasure in including one or more of his favorite anecdotes. At each session, Mr. McLaren provided books, scrapbooks, and other memorabilia for the interviewers' reference. On several occasions he dictated passages to his secretary at Haskins & Sells, Virginia Fendyan, on topics that occurred to him between interviews. Several of these and two pieces on family history by his aunt, Elizabeth Ashe, are included in the text; others are in the appendix to the volume or supporting documents in The Bancroft Library.

The transcripts of the interviews were edited by the interviewers who deleted a few repetitious passages. Due to Mr. McLaren's death, the manuscript was reviewed by his son, Tom, who had offered advice and encouragement on the interviews themselves, and who supplied several corrections of family details. Two portions of the text are under seal and not available to researchers until 1 June 1988.

Gabrielle Morris  
Interviewer-Editor

March 1978  
Regional Oral History Office  
The Bancroft Library

Who's Who in America, 1976-1977

**MCLAREN, NORMAN LOYALL**, certified pub. accountant; b. San Francisco, Jan. 23, 1892; s. Norman and Lina Loyall (Ashe) McL.; student Taft Sch., Conn., 1907-10; A.B., U. Cal., 1914, LL.D., 1961; LL.D., U. San Francisco, 1963, Whittier Coll., 1972; m. Marguerite Amosa, Jan. 15, 1916 (dec. 1956); children—Kenneth Loyall, Thomas Loyall; m. 24, Elizabeth Page Sproul, 1957 (dec. 1965); m. 3d, Mary Stillman Butterworth, 1966. Investment banking clk., July 1914; with McLaren, Goode & Co. since 1918, partner 1920-42; partner Haskins & Sells, 1952—; chmn. The Irvine Co. Comdr., USNR, Jan. 1942; capt., Dec. 1943. Chmn. N.Y. div. Navy Price Adjustment Bd.; ret. as rear adm. Tress. UN Conf. Com. San Francisco, 1945; accounting adviser to U.S. delegation Allied Commn. on Reparations, 1945. Mem. group surveying Internal Revenue Bur. for Congress, 1947-48. President and dir. James Irvine Found. Chmn. concessions com. Golden Gate Internat. Expn., 1939. Mem. exec. com. San Francisco Community Chest 1934-42; mem. Cal. Bd. State Harbor Commrs., 1945; mem. adv. council U. Cal. Sch. Bus. Adminstrn.; regent U. San Francisco; mem. pres.'s council Cal. Inst. Tech.; mem. adv. bd. Hoover Instn., Stanford U. Recipient Am. Inst. Accountants annual award for best book in accounting field, 1948. Mem. Am. Inst. Accountants (pres. 1941, v.p. 1935-36; mem. council, com. on auditing procedure and spl. com. on nat. def.), Cal. Soc. C.P.A.'s (pres. 1922-25), Soc. Cal. Pioneers, Order of Cincinnati (N.C.), Order Ky. Colonels, Order St. John Jerusalem, Newcomen Soc. N.A., Psi Upsilon, Republican, Episcopalian. Clubs: Pacific-Union, Bohemian, San Francisco Golf Links (N.Y.C.). Author: California Tax Laws of 1929 (with Vincent K. Butler, Jr.), 1929; Income Tax Management for Individuals (with B.J. Feigenbaum), 1936; Annual Reports to Stockholders, 1947; also plays for Bohemian Club. Contrb. to Jour. Accountancy. Home: 1201 California St. San Francisco CA 94109. Office: 44 Montgomery St. San Francisco CA 94104.

## Obituaries

### N. Loyall McLaren

Private funeral services were held yesterday for N. Loyall McLaren, a prominent Bay Area businessman and past president of both the Bohemian Club and the Pacific Union Club.

Mr. McLaren died Sunday at his Greenbrae home at the age of 85.

A native of San Francisco and a graduate in 1914 of the University of California at Berkeley, he joined the public accounting firm of McLaren, Goode and Co., which had been founded by his father, and became a partner in 1920.

At his retirement in 1958, he was a partner in Haskins & Sells, international public accounting firm, which merged with his father's company in 1952.

A former president of the California Society of Certified Public Accountants and later the American Institute of Certified Public Accountants, Mr. McLaren also found time to co-author two books, "California Tax Laws" and "Income Tax Management for Individuals." He was also the author of "Annual Reports to Stockholders."

After serving during World War II as a captain with the Navy price adjustment board in New York, he returned to San Francisco

as treasurer of the United Nations Conference Committee.

During his long business career, he was also board chairman of The Irvine Co. and a former director of the Atchison, Topeka and Santa Fe Railway, the Pacific Telephone Co., Rheem Manufacturing Co., and Air California. He also served as a director of the Federal Reserve Bank of San Francisco.

Among his many civic contributions, Mr. McLaren was an executive committee member for eight years with the San Francisco Community Chest, a regent emeritus of the University of San Francisco and chairman of the California State Harbor Commission.

He served as president of the Bohemian Club from 1951 to 1953 and headed the Pacific Union Club in 1948.

He is survived by his wife, Mary; two sons, Kenneth and Thomas; two stepdaughters, Mary Menzies and Jean Wickwire Jr., and three grandchildren.

The family prefers that memorial donations be sent to a favorite charity.

## I FAMILY HISTORY

[Date of Interview: April 27, 1977]  
[begin tape 1, side 1]

Teiser: You said when we were having a preliminary discussion of the interview that you had some information on the Ashe family in North Carolina.

McLaren: I found something that Miss Elizabeth Ashe prepared for the family quite a few years ago. Her main authority was Wheeler's very authoritative book about the history of North Carolina. She put together the material mostly from that book, with a lot of quotations from the book.

Ancestry, by Elizabeth Ashe

For many years I have been pestered by my nieces and nephews and friends to make a permanent record of the history of my family and San Francisco's pioneer days, culled from the tales of my childhood, told me by my mother and aunts and by my father's nieces and nephews, who were helped by him to migrate to California to escape "carpet bag" rule in the South.

As the years passed by, these family legends became more and more confused in my mind. In order to fulfill their demands I was obliged to read Wheeler's history of North Carolina and delve into the records of the days of '49 in San Francisco.

We learn from Wheeler's history of North Carolina: "John Baptiste Ashe was the founder of the family in North Carolina. He came to the colonies in 1720 under the auspices of his friend, the Earl of Craven, one of the Lords Proprietor of Carolina. He later joined Maurice Moore in settling Cape Fear, which was an unbroken wilderness then."

"He was a man of liberal education, accomplished manners and superior intellect, a lawyer and a man of wealth. He became Speaker of the Assembly in 1727, in 1730 the Crown appointed him on Governor Burrington's Council. As appears from the records of the Council, Ashe was a man of independent mind, fearless temper, devoted friend of liberty, and an indomitable opponent of the exercise of illegal authority. Between him and Governor Burrington there could be no harmony; their disagreement at the Council Board resulted in antagonism. The Governor denounced Mr. Ashe as altogether bent on mischief.

"Ashe, in turn, presented a memorial to the 'Lords Commissioners in Trade' charging the Governor with 'oppression, bribery, speculation and corruption'. It was small wonder that soon thereafter he was arrested for libel. He was incarcerated in the common jail.

"The misconduct of Governor Burrington in due time bore fruit and abandoning his office, he fled the country. But John Ashe, released from jail, with health broken, soon followed his violent oppressor to the grave.

"His will, made in 1734, directed his sons should have a liberal education and 'In their education I pray my executors to observe this method. Let them be taught to read and write and be introduced into the practical part of arithmetic, not too hastily hurrying them to Latin or grammar; but, after they are pretty well versed in these, let them be taught Latin and Greek. I propose that this may be done in Virginia. After which let them learn French. When they have arrived at years of discretion, let them study the mathematics. I will that my daughter be taught to read and write and such feminine accomplishments which may render her agreeable, that she may not be ignorant as to what appertains to a good house wife in the management of household affairs.'"

John Baptiste Ashe married Elizabeth Swann; they had three children - John, Mary and Samuel.

John was liberally educated at one of the English universities; he was an accurate and forceful writer and an eloquent speaker. His perception of the ludicrous was keen (evidently a family trait). His wit was said to be outstanding.

He was elected in 1762 a member of the Colonial Assembly and became its Speaker. It was considered a dignity next to that of the Governor. From this commanding position Colonel John Ashe opposed, in 1765, the Stamp Act and he took the initiative in leading the patriots of Lower Cape Fear in a protest against the imposition of stamp taxes. He was also one of the first leaders in America to give armed resistance to British armed authority. Sword in hand, they



forced the tax collector's resignation, coupled with an agreement on his part to sell no more stamps. They then forced the British sloops of war to leave Cape Fear without unloading their cargo of stamped paper.

But although a steadfast champion of the people, John Ashe yet recognized the necessity of upholding legitimate power; thus while fighting the despotic action of Parliament, we find him seriously upholding the execution of the Colonial Laws enacted by representatives fearlessly chosen by the people of North Carolina.

In 1771 he, with other patriots, marched with the Militia to Alemance to restrain the violence of the Regulators. He and his friends, unswerving Whig leaders, realized that the authority of the provisional government must be preserved or the bonds of society would be dissolved and anarchy ensue. In 1774, the Boston port bill being enacted by Parliament, the citizens of Wilmington met and declared the "cause of Boston, the common cause of America." They sent a shipload of provisions to their suffering brethren of Boston.

My great grandfather, Samuel Ashe, the second son of John Baptiste Ashe, who is described as of stalwart frame, endowed with practical good sense, a profound knowledge of human nature and great energy, was born in 1725. Early bereft of his parents (his father died in 1734 and his mother still earlier) young Sam Ashe was reared by his uncle, Sam Swann, who was at the head of the popular party; so he was early indoctrinated with Republican principles. Governor Johnson represented to the Crown that these Republican principles were more rife in North Carolina than in any other colony. The Ashe colony at Rocky Point, Cape Fear, was said to be the headquarters of this rebellious feeling.

As it was in such a political atmosphere that young Ashe grew up to manhood, small wonder that he became a great patriot! He was educated in the North, was graduated from Harvard College, read law later with his uncle, Sam Swann.

Samuel Ashe was more of a statesman than a soldier. He was a member of the Provisional Council, an ardent friend of liberty. He was a member of the State Congress and paymaster to the First Continental regiment, a member of the 1776 Convention which formed the first North Carolina State Constitution, which he helped write in 1777. He was the first appointed member of the Supreme Court--the famous Court which decided the Bayard v. Singleton case, the first recorded case where an American Court decided that it possessed the power to declare an act of the Legislature void and unconstitutional.

There was loud talk of an impeachment, but this died down into a resolution commanding the judges for their services. The conservative members of his family denounced him. The above facts are particularly interesting as up to that time state legislatures were supposed to have supreme authority following the procedures of the British Parliament, which did not work under a constitution. Judge Heywood said, referring to this decision: "As God said to the waters, 'so far shall you go and no further,' so said the people to the Legislature, Judge Ashe deserves for this the veneration of his country and of posterity."

He remained on the Bench until 1795 when he was elected Governor, which post he held for three terms. He strongly opposed the ratification of the Federal Constitution until the Bill of Rights was adopted. He was one of the trustees of the University of North Carolina and took a lively interest in education. After him Asheville and the County of Ashe were named. Asheville was a small, unimportant town until the Vanderbilts discovered its beauty and its health properties.

Governor Ashe died in 1813. He and his sons were leaders of the Republicans and the Jeffersonian school; whereas the majority of the gentry were Federalists of the Hamilton school.

Governor Samuel Ashe married twice; first Mary Porter of Virginia, by whom he had two sons, John and Samuel, the latter being my grandfather, Colonel Samuel Ashe, who was born in 1763 entered the Colonial Army at the age of sixteen with a lieutenant's commission, was captured in Charleston, South Carolina, 1780, and suffered a long confinement on a prison ship. When transferred, he served with General Lafayette, was later transferred to General Green's Army where he remained until the end of the war.

There were seven officers of his family in the Revolutionary Army.

In the North Carolina branch of the Society of Cincinnati, there are seven representatives of our family.

Colonel Sam Ashe died in 1835, leaving a wife, Elizabeth Haywood and eight children - four boys and four girls. Sprint writes: "Colonel Ashe was a gentleman of commanding appearance, tall and erect with sunken, piercing eyes, or remarkable colloquial powers and manner and style of narrative most engaging." He was described at an address at Chapel Hill in 1855 by one who remembered him "as of noble front and most commanding presence as he spoke of his country's trials and the deeds and suffering of her sons (it will be remembered that he spent two years on a prison ship), his eyes flashing with the ardor of youth and his voice rang like the battle charge of a bugle." This was Colonel Samuel Ashe, the last of the Romans.

Wheeler writes in his history of North Carolina: "We have now finished the genealogy of the Ashe family, which has contributed more to the success of the Revolution than any family in the State and well may we say that in the field, in the Legislature, in Congress and in every position in life, they have done the State service. They nobly offered us their lives and fortunes for the liberties we now enjoy. Let us do honor to their memories and emulate their example."

Now you well might ask me to tell about the distaff side of our family. My mother's people, the Loyalls, were from Norfolk, Virginia. My mother was a very reserved person. She never talked about herself. I remember as a child saying to her: "I am tired of hearing about the Ashes - what did the Loyalls do in the olden times?" She drew herself up in her commanding way and answered: "My grandfather dropped dead in the House of Burgesses!" I was perfectly satisfied that he was greater than any Ashe that ever lived. The Loyalls, in some mysterious way were aristocrats. We were related to Lord Willoughby. Willoughby Point was near Norfolk. The Ashes were distinctly commoners and their descendents Democrats. None of them were ever seated in the House of Lords. However, no invidious remarks were made and the social difference didn't penetrate my plebian mind until long after I reached maturity.

[transcript resumes]

McLaren: I found, on comparing that with the book which came out just within the last year (it was done mainly for The Society of the Cincinnatti-- we can talk about The Society of the Cincinnatti some other time\*) that it covered everything, with two main exceptions I found which I think might go in as an addition.

What does that say?

Teiser: This says [reading excerpt from Curtis Carroll Davis, Revolution's Godchild, Chapel Hill, N.C., published for the North Carolina Society of the Society of the Cincinnatti by the University of North Carolina Press, 1976].

"It has been affirmed that, for perdurable distinction, 'no family in North Carolina has a more marked record than that of Ashe.' Of Wiltshire origins, the tribe had settled in the Albemarle area of Carolina in the 1720s in the person of one John Baptiste Ashe. He presently removed to the Cape Fear region, where, in its Rocky Point district, his namesake was born. The boy's father, Samuel, would become governor of the State in the late nineties. During the Revolution his uncle, John, rose to a brigadier generalcy in the militia. His younger brother, Samuel, Jr. fought as a captain of dragoons in Continental service. He himself had done duty as an

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\* See Appendix for Mr. McLaren's comments.

Teiser: infantry officer all the long, rocky road from the Widow Moore's Bridge through Valley Forge to Eutaw Springs. In the year 1937 his descendants would effect a special Act of the Seventy-fifth Congress to obtain ownership of his commission as a major in the North Carolina Line.

"Ashe's wife Elizabeth, whom he had married in 1779, was a daughter of that Masonic 'Grand Master of America,' the late Joseph Montfort of Halifax--which may have been one reason for her husband's electing to settle there following the close of hostilities."

McLaren: This is an anecdote, but I think quite amusing.

"Halifax,\* at the Ashes' own residence, a story-and-a-half dwelling on the southern outskirts of town boasting a grove of oak and elm trees, the Cincinnatians undoubtedly became among the first hearkeners to a tale that would blossom into one of the better-known anecdotes of the Revolution in Carolina. The story featured their hostess, Elizabeth Montfort Ashe, and that bane of homeowners, the terrible Tarleton himself. It seems that when the British forces were occupying Halifax--probably in early May 1781--the Ashe homestead was taken over for officers' quarters by the invaders. Elizabeth Ashe doggedly stayed put on her property, and in due course was not above playing at backgammon with the enemy. Among them was Lieutenant Colonel Banastre Tarleton, who chose to amuse himself by displaying his sarcastic wit before the matron, particularly at the expense of that American soldier who, Tarleton had learned, was a favorite of hers, Colonel William A. Washington, cousin to the general and like Tarleton a cavalryman. He would, sneered Tarleton, dearly like to catch just a glimpse of this rival of his in partisan warfare.

"Elizabeth Ashe could stand no more. 'If you had looked behind you, Sir, at the battle of the Cowpens,' she snapped, 'you would most certainly have seen him.

"At this reference to his defeat of last January the Britisher reacted so angrily his hand went to his sword. At that juncture his superior, Major General Alexander Leslie, chanced to enter the room. Seeing Mrs. Ashe's agitation, he inquired as to its cause. When she had explained the situation, Leslie assured her, 'Say what you please, Mrs. Ashe; Colonel Tarleton knows better than to insult a lady in my presence."

Let me explain about this. This is [also] something that Elizabeth Ashe prepared for the family. ["Ashe Family Tree - Beginning 1725." See Appendix.]

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\*From Revolution's Godchild.

McLaren: At the end of that, there's something about the early days of the McLaren's in Scotland that's quite interesting. So there's the whole thing.

Teiser: That's just fine. The Bancroft Library (the Oral History Office is part of the Bancroft Library) has a book of the letters of Miss Elizabeth Ashe.

McLaren: Is that so? Written when she was in France, I think.\*

Teiser: She was a very interesting person of course. I met her years ago, once. As a matter of fact, the whole Ashe family in California is rather legendary. I'm surprised that someone hasn't written a book on it.

### California Pioneers

McLaren: [Chuckles] That brings us then--you're referring to the various uncles and aunts.

Teiser: Yes. And the other day you told Mrs. Morris and me your story about Dr. Richard Porter Ashe. Will you start by telling about him since he was the first family member in California, the original pioneer? Your grandfather, who died in 1871,\*\* I believe.

McLaren: That's right. I can give you with reasonable accuracy the story about how he came here and going away and coming back and then settling here.

However it's very difficult for me to have anything in the way of accuracy about his intimacy with Admiral [David Glasgow] Farragut. However, I'm quite certain that if you interviewed Camilla Hamilton that she'd be able to fill in those vacancies.

Then as far as the other three uncles were concerned I can tell you a lot about Porter Ashe [Richard Porter Ashe, Jr.].

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\*Intimate Letters from France during America's First Year of War, Philopolis Press, San Francisco, 1918. In 1931, Bruce Brough Press, San Francisco, issued a revised edition including extracts from the diary of Elizabeth Ashe, 1917-1919.

\*\*September 6, 1871, in San Francisco.

Teiser: Can you tell us a little about your grandfather first to keep us in chronological order?

McLaren: All right.

[The following account was dictated to a secretary after the interview to replace Mr. McLaren's original account of his grandfather's life, which he considered not entirely accurate.]

McLaren: My grandfather, Richard Porter Ashe, was born in North Carolina and was educated in the south. He served as a physician with the U.S. Army in the Mexican War. Upon its conclusion in 1847, he visited northern California briefly and decided that eventually he would make it his permanent home. He returned to his home in North Carolina. Shortly afterwards he met and married Caroline Loyall, the daughter of Robert Loyall, a successful Norfolk, Virginia, businessman in 1848. Her sister, Virginia Loyall, had previously married Admiral Farragut. A short time later, the Ashes decided to make their home in California and proceeded to San Francisco.

In 1854, Farragut (then a captain in the U.S. Navy) was ordered to California in charge of the new Mare Island Navy Yard adjoining Vallejo. The Farragut and Ashe families remained close friends for the rest of their lives. Farragut had the foresight to appreciate the soundness of an investment in Vallejo and purchased substantial holdings near the heart of the town. Presumably his wife contributed a major part of the investment because her estate, after a life interest assigned to her only son, Loyall Farragut, went to the heirs of her two sisters. Even the one-seventh which my mother inherited had a value of more than \$75 thousand.

The Ashes purchased a home in the fine residential area of San Francisco at the foot of Rincon Hill known as South Park. A number of years later they built a new home on Sacramento Street to accommodate the family of ten (including my great-aunt Camilla) which was considered to be one of the better residences in the city. Dr. Ashe immediately interested himself in the life of the city and, in fact, was one of the founders of The Society of California Pioneers in 1850. Some time later, he acquired extensive farming land in the San Joaquin Valley and for a while served as sheriff of San Joaquin County.

[transcript resumes]

McLaren: A few years later came the unfortunate rioting on the part of the lawless elements of San Francisco leading to the formation of the famous Law and Order Committee [of 1856], most of the members of which were friends of my grandfather. At the height of the excitement

McLaren: Farragut, who was then the senior military officer representing the government in this area, wrote an official letter to his brother-in-law appointing him to protect the government in all lawless acts regardless of who were the perpetrators. My grandfather realized at once that this would cover unlawful acts on the part of the Law and Order Committee.

The next result was that in endeavoring to carry out his duty he was almost lynched by the Law and Order Committee.\*

Teiser: That was an episode in which Judge David S. Terry figured.

McLaren: Very indirectly. Terry was one of his closest friends. In fact Judge Terry, one of the participants in the famous [Broderick-Terry] duel, was one of the executors of my grandfather's will.

From there on, according to the older members of my family, he lived a quiet and respectable life, partly as the sheriff of San Joaquin County\*\* and supervising the operation of his various ranches.

Teiser: Were the ranches still in the family when you were young?

McLaren: Yes. Upon his death it developed that the executors of the estate were somewhat imprudent, in that when his widow needed money for the proper education and coveration of the large family of seven the executors never objected that Caroline borrowed money on the ranches. As a result, at the time of her death, his estate had substantially dwindled.

Teiser: You must have known your grandmother; she didn't die until this century.\*\*\*

McLaren: Oh, I knew her very well. It is a family legend that when my grandmother appeared in court for the final settlement of the estate, the judge asked her what vouchers she had brought with her and she replied, waving her arms over her seven children, "Your honor, these are my vouchers."

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\*See also accounts of this event in Hubert Howe Bancroft, Popular Tribunals, San Francisco: The History Company, 1887, A. Russell Buchanan, David S. Terry of California, San Marino, Cal.: The Huntington Library, 1956, and elsewhere. A biographical account of Richard Porter Ashe dictated by his son Algernon Sidney Ashe is in the library of the Society of California Pioneers.

\*\*He held this position only in 1851-1852.

\*\*\*In 1904.

Teiser: What sort of person was she? How do you remember her?

McLaren: When we go in the other room, I'll show you a picture of my grandfather and grandmother which is quite good.

It is often said that my mother's first name, Linie, [Lie-nee] is rather peculiar. Here's how it came about. She was supposed to have been named Caroline after her mother, but upon her baptism she indicated that the child's name would be Linie, which was her husband's nickname for her. That's how that happened. It is a very unusual name.

[Pause]

Teiser: I have the children of Richard Porter and Caroline Ashe listed in order of their births. This is from data the Society of California Pioneers library.

McLaren: Supposing we just go over those to make sure.

Teiser: William L. Ashe was born in Stockton and he was the first child.

McLaren: That's right. Then Richard Porter Ashe [Jr.].

Teiser: He was the second.

McLaren: That's right. The third was Linie Loyall Ashe and the next was Gaston Mears and the next was Sidney Ashe.

Teiser: Apparently his whole name was Algernon Sidney Ashe.

McLaren: That's right, Algernon Sidney Ashe. Then the last was Elizabeth Hayward Ashe.

Teiser: There was one in between; Camilla was between Linie and Gaston. It says in my list that she was born in Mokelumne Hill. Was her middle name Loyall?

McLaren: Yes, Camilla Loyall Ashe.

Teiser: They liked the name.

McLaren: [Chuckling] Yes, that's right. Well, now we can start in from there.

Teiser: Fine.

McLaren: My recollection of my various uncles and aunts is quite clear with respect to several of them, but not as to the others. The reason is that in my youthful days I saw a few of them only on rare and



McLaren: fairly short occasions. This included Uncle Will, the oldest of the group, who was a rancher who spent comparatively little time in San Francisco. He was a fine looking individual of more than average height. His rather unusual claim to fame was the fact that at the turn of the century he had already earned the informal title as the "Good Roads Boss" of California. Remember that this was many years before automobiles came into being.

I can remember hearing of the many speeches he made throughout the state and many newspaper articles on his favorite subject.\*

Uncle Gaston was a graduate of Harvard University where at one time he won the national intercollegiate championship as a middle-weight boxer.

Teiser: Was he also above average height?

McLaren: No. He was much shorter than his older brother. Soon after graduation he married a daughter [Dulce] of the head of the famous Bolado family who had extensive landholdings in San Benito County. The marriage was an unhappy one and some little time after his divorce he moved to Manila where he resumed the practice of law.

His later years were spent with his younger brother [Algernon] Sidney at a family ranch near Brentwood.

Sidney Ashe served during the war with Spain in the regular army in the Philippines. After hostilities ended he acquired a business in Mindanao where he remained for many years, later returning to join his brother at Brentwood.

Now may we go back and put in one small addition under Uncle Will?

Teiser: Yes.

McLaren: At the very end. Uncle Will was happily married for many years to a member of the well known Peters family in Stockton. (I just add that to balance the two up a little bit.)

Teiser: Good.

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\*He died in December 1908.

Uncle R. P. Ashe, Jr.

McLaren: Now we come to Uncle Porter [Richard Porter Ashe, Jr.].

Teiser: He was the glamorous one in the family, wasn't he?

McLaren: He was--and he was everything.

After attending preparatory schools he attended the University of California at Berkeley and later law school. He seemed to have the faculty to be always around when something exciting was about to happen. In his youth he saved a prominent lady who had been entrapped in a train fire.

Shortly after settling down to the practice of law in San Francisco he met Aimee Crocker, the checkered career of whom will be remembered by many old-timers. One of Porter's close friends was Harry Gillig who was also a member of the Bohemian Club. One afternoon Porter boarded a Southern Pacific ferry for the purpose of calling on Aimee to pop the question. Much to his surprise, Harry Gillig was also on the boat. They went into the bar together and soon found out that both were on the same errand. [Laughter] So, naturally enough, they shook dice to see [laughter] who was entitled to act first. Porter won.

About two years later, after her first, but not last divorce, Harry Gillig popped the question and became her second husband. [Laughter]

Is it all right to put this stuff in?

Teiser: Yes. [Laughter] That's a good San Francisco story.

McLaren: I have several.

Teiser: Put some more in.

McLaren: A few years later he [Porter Ashe] became a well known horse breeder. His best known mounts were the famous Ruinaot, who for a long time held one of the world's sprint records, and also Geraldine.

Teiser: Where did he keep his horses?

McLaren: In the country. He had a breeding farm out in Sonoma County. He had a many-time stake winner. These horses were bred and trained at his ranch in Sonoma County.

[end of tape 1, side 1; begin tape 1, side 2]

Teiser: Porter was large?

McLaren: He was a large man, not fat, large, and quite good looking.

Teiser: Did he marry again?

McLaren: Long, long afterwards, when he was quite--really elderly.

Teiser: Whom did he marry then?

McLaren: He married a widow from Pennsylvania then. Mrs. Rathburn. I don't remember her.

Teiser: He was an attorney too, was he not?

McLaren: I'll come to the attorney business in a minute.

Teiser: I recently read in Mrs. Fremont Older's recollection--

McLaren: That's one of the stories I'm telling.

Teiser: Good. You continue, then.

McLaren: Porter was also interested in another branch of sports. He had become friendly with a much younger man who was one of the better amateur boxers at the Olympic Club. The younger man became famous later as Gentleman Jim [James J.] Corbett. He and a few other friends were instrumental in Corbett's entrance to the professional ranks and his later success culminating in winning the World's Heavyweight Championship.

Teiser: Did they give him money? Did they back him financially, or how?

McLaren: People will understand that.

Teiser: No; now people don't remember how they arranged those things.

McLaren: Incidentally, this support in all probability involved only a small amount of financial aid, as Gentleman Jim's rise was so rapid.

One of my vivid memories as a youngster is going into Uncle Porter's bedroom at his apartment on Stockton Street where immediately over his bed hung one of Corbett's boxing gloves used on the occasion when he became world champion. You can just imagine me as a kid. That was really hot stuff!

I also recall the impression I had one evening when he came to our house for dinner and produced a sack full of twenty dollar gold pieces. It seems that he had been asked to defend a Chinese boy

McLaren: in Chinatown who was charged with the murder of a white gang who had attacked the young Chinese--a group of Chinese lads. Porter said that the jury was out for only a few minutes, handed in their acquittal verdict and as the courtroom cleared out the boy's father handed him the sack of gold pieces as his fee.

Without doubt, however, Porter's principal attribute was his wit. He was not a story teller as such, but his repartee was remarkable. The first example of this talent is related to the birth of my twin sister, Constance, and myself.

At the time, my uncle was in New York where he received a telegram from my grandmother that said, "Linie has just given birth to a beautiful baby girl. She has fallen asleep and is resting peacefully." About three or four hours later my uncle received a second wire reading, "Linie has just given birth to a beautiful baby boy. She has just fallen asleep and is resting comfortably." To which Porter replied by wire, "For God's sake, keep Linie awake." [Laughter]

The second example has to do with the notorious graft trials after the earthquake of 1906. Porter was one of the attorneys for the United Railroads, which had been attacked over and over again by Fremont Older, publisher of the San Francisco evening paper and an avid reformer. Porter and his associates decided that they had a perfect case for libel, but that it would be most difficult to secure a conviction if the trial were in San Francisco.

Accordingly they arranged to have Older pounced upon and taken to a car for transportation to somewhere in the south. Unfortunately they were seen by someone and apprehended on the way to Los Angeles.

Immediately they were charged with kidnapping. When the lawyer for the defendants appeared in court, the plaintiffs presented the charge; immediately Porter jumped to his feet and said, "Your honor, I move that the complaint be changed to petty larceny." [Laughter]

The story has a happy outcome because the case never came to trial.\* Imagine the nerve to get up in court--[Laughter]

Teiser: I was starting to tell you what I just read in Mrs. Fremont Older's recollections.

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\*See also the account of this event in Walton Bean, Boss Ruef's San Francisco, University of California Press, 1967.

McLaren: What did she have to say?

Teiser: She said not a word about Porter Ashe. She had some very laudatory statements about Miss Elizabeth Ashe, but there was no mention of her brother.

### Elizabeth Ashe and Other Aunts

McLaren: Let's see where we are now. We've covered everybody now except the two aunts, haven't we.

Teiser: Yes, and your mother. Your Aunt Camilla--

McLaren: That's Aunt Millie--

Teiser: --she married and lived in the east, did she?

McLaren: Yes. She married a member of the well known Sewall family up in Maine. Aunt Millie was only, I think, eighteen at the time they were married. I remember going over [to the United States embassy in Paris] in the late twenties and saying I wanted to see the nursery. The person I was talking to had been around a long time and said, "The only time that we ever had a nursery here was when Senator Edge and his wife were here. None of the ambassadors have since."

She came after my mother, and then Elizabeth was the youngest.

Teiser: Your Aunt Millie's husband--

McLaren: Her husband Harold Sewall was the American Consul to the Hawaiian Islands before they were taken over by the United States as a territory.

Several years before this event, that is around 1900, my mother and I went over to visit them for a couple of weeks. In that period Aunt Millie would come back and forth from the Islands fairly frequently. That's how I got to know her well as a youngster.

Teiser: Let me ask you a question. I notice that you call your oldest uncle "Uncle Will," but you call Porter "Porter" and you refer to your Aunt Elizabeth as "Elizabeth."

McLaren: That's right.

Teiser: You call them by their first names, not "aunt" or "uncle."

McLaren: Yes.

Teiser: That was unusual in that day, wasn't it?

McLaren: Actually most of Elizabeth's friends called her Betty, but all of us in the younger generation always called her Elizabeth. It was never Aunt Elizabeth, it was just plain Elizabeth.

Now let's cover her next. Elizabeth Ashe was my godmother. One of my earliest memories of her is her great and continuing interest in my education. She saw to it as far as she was able that I was not exposed to trash. She was so tactful however in steering my course that I cannot think of any time when I was not perfectly happy under her guidance.

In early 1900 she was the sole heir of her unmarried aunt, Camilla Loyall, who had inherited a substantial estate from her sister Virginia Farragut. But at this time my grandmother was beginning to fail in health, so Elizabeth decided to become a trained nurse and to devote her life to her mother as long as she lived.

She entered Presbyterian Hospital in New York, which had the reputation of being the best training school in the country. She graduated with honors, returned to San Francisco and soon formed a lifelong partnership with her old friend, Miss Alice Griffith.

Many years later Alice's nephew, Millen Griffith, married Elizabeth's niece, my sister Constance, which of course further cemented the ties.

## II BAY AREA CHARITIES

### Telegraph Hill Neighborhood Association

McLaren: In about 1904 the two of them acquired a small building on the top of Telegraph Hill, which they called the Telegraph Hill Neighborhood House, where they had a clinic with volunteer doctors on a part-time basis and where they could educate the needy in sanitation, prevention of disease, and the like.

At the foot of the hill on the west side was a Catholic church where the Irish priest was quite suspicious as to the motives of the two Protestant ladies.

Getting a little ahead of the story, many years later their conflict was resolved when the new building was under way on Stockton Street--

[interrupted by telephone call]

Teiser: Elizabeth Ashe must have been a very fine woman.

McLaren: She was. She was never married. She was engaged at one time to an army officer who later became--had a very unusual career and who happened (this was when I was a small boy)--and something happened, bingo, just like that. "Not interested in men" from that time on.

Teiser: That's too bad. You were saying about the Stockton Street building.

McLaren: I was saying that by the time the new plant was being occupied, she found a way of overcoming the priest's objections to what the Neighborhood Association was doing.

Through influential friends in Washington, D.C. she was granted an audience with the Pope. So in due course she proceeded to Rome armed with a small trunkful of rosaries. These she took to her audience with the Pope, the whole contents of the trunk.

McLaren: When she returned to San Francisco and this information was conveyed to the priest he was at first furious, but finally decided that his cause had been lost and that it was in the interests of all concerned for him to cooperate fully thereafter.

I think that's enough for now. I want to tell you a little bit about the Bothin Convalescent Home too. So let's do that, let's get that out of the way.

Ever hear of Henry E. Bothin?

Teiser: No. But I'm almost all out of tape here.

McLaren: Are you? All right. Well, this is a good time to stop.  
[end of tape 1, side 2]

[Date of Interview: May 4, 1977]  
[begin tape 2, side 1]

Teiser: I think we were going to continue with your aunt, Elizabeth Ashe, today, is that right?

McLaren: That's right. We were talking about Telegraph Hill; we hadn't quite gotten to the Hill Farm. What was the last thing we had?

Teiser: I think you were just telling about Elizabeth Ashe--you'd mentioned how they'd built the place on Stockton Street.

McLaren: That's right. Was that the last thing we had reference to--Stockton Street?

Teiser: Yes.

McLaren: All right. Then I think--

Teiser: As I remember, the architect for the Stockton Street settlement house was the Berkeley--

McLaren: Was Maybeck.

Teiser: Bernard Maybeck. Did Miss Elizabeth Ashe know him?

McLaren: Oh yes, sure. See what this paper says at the top here.



## Hill Farm

Teiser: "Hill Farm." It begins, "The most urgent need of the visiting nurses of Telegraph Hill Association was the convalescent home or preventorium--"

The most urgent need of the visiting nurses of the Telegraph Hill Association was a convalescent home or preventorium in the country where women and children could be cared for after recovering from an acute illness or to prevent an illness by supplying under-nourished children with food and sunshine. Imagine my feeling when calling at the home of a sick boy the mother reported, "He don't feel so good today. He won't drink his coffee for breakfast and he threw up his sausage at noon." Milk was non-existent in the Italian home. This was in the horse and buggy days. Just think of California children who did not know how to pick flowers and actually believed that milk came from bottles, not from cows! Their playground was the cobbled street where goats browsed at will.

An effort was made to fill this need by a group in Ross Valley of Farmington graduates, who furnished and supported a cottage donated by Mrs. John Kittle on her estate. It was a tiny place--room for only six children--but it was a beginning and gratefully accepted by the Telegraph Hill Association.

In the summer of 1903 much of my time was spent traveling back and forth on the Sausalito Ferry conducting children to the Ross home. On one of these trips I was seen, carrying a small boy in my arms, by Mr. Henry Bothin, who sought an introduction to me. He sat beside me to the journey's end, asking me innumerable questions. He learned from me that my little patient was a victim of infantile paralysis. It was not very much later that he confided in me that his only son had died from that dread disease. Mr. Bothin's interest continues to develop and before the summer was over he offered to place at my disposal, a tract of land in Marin County, two miles from Fairfax. I drove out with him in his buggy to see the place and was entranced by its possibilities. It was an ideal site for our needs. A sharp turn in the road revealed a sheltered valley surrounded by hills, intersected by a creek into which tumbled a waterfall. A grove of redwood trees completed the picture. Visions of happy children roaming at will in fields of wild flowers--boys and girls camping and enjoying for the first time the joys and freedom of country life--women and children leaving hospitals to bathe in the sun or recline in the shade of these grand trees, marched before my eyes. I am sure Mr. Bothin was satisfied by my enthusiasm. I promised to bring his offer before the Board of Managers of the Telegraph Hill Neighborhood Association as I was no longer a free lance. The Board of the Neighborhood House all agreed with me that supervision of the work was all I could give it. Mr. Bothin accepted the plan, making only one provision, that I should have a free hand

in its management. Miss Alice Griffith acted as treasurer. In the spring of 1905 an old farm house was renovated. It accommodated twelve children and on June 1st the first guests arrived. Mr. Bothin's interest increased daily. He spent every Sunday morning at Hill Farm with the children. He learned to know each child and his history. Tony Garcia, aged six, particularly appealed to him. This little patient had spent most of his short life in the Children's Hospital, where I had placed him under the care of Dr. Harry Sherman. Dr. Sherman had successfully operated on a T.B. hip but after the operation the boy refused to make any effort to walk. He actively crawled but would not try to walk. I visited him frequently and at last I decided to take him to Hill Farm. I engaged for one month a nurse trained in physical therapy to teach Tony how to walk. Shortly after his arrival at Hill Farm, in passing his bed on an open porch, I asked him how he liked Hill Farm. "Oh!" he exclaimed, "I love it. I see the stars and I sleep all night!" Before a month passed he was actively using his crutches. Tony had several brothers and sisters and so when he was twelve years old Miss Felton\* placed him into the foster home with the rest of his family. He joined the Columbia Park Boys Club, where he developed a real talent for photography. Mr. Moulin employed him for many years. I lost sight of Tony for sometime, when, to my astonishment, he called on me at my cottage one Sunday, riding on a motorcycle with his wife beside him. He had saved enough money for the cycle and was at present, Captain of Broemmell's Motor Delivery Service. To see him made my heart feel all warm inside.

After the Farm closed in October, 1905 (we did not keep it open through the winter until we had permanent buildings), I went to Europe, leaving Miss Johnson\*\* in charge of the medical work at the Telegraph Hill Neighborhood House. When I returned post haste to San Francisco after the earthquake in April, 1906, to my astonishment, I found Miss Johnson installed at the Farm with a crowd of refugees from Telegraph Hill. She had marched with them to the Presidio-- women with babies in their arms and children clinging to their skirts. She was actually ploughing the ground and sowing vegetable seed when I arrived. Later we had a big camp of seventy-five women, most of whom came from the San Francisco Alms House. We were in fact ordered to receive them by General Greely. Martial Law was in force in San Francisco. Their expenses were paid by the Red Cross. Later the Red Cross increased our accommodations by financing a building.

In 1910 Mr. Bothin informed me that he was so impressed by the value of the work done at Hill Farm that it was his intention to incorporate it under the name of the "Bothin Convalescent Home for Women and Children." He said, "I will donate enough land for the purpose. How much do you want?" I looked to the hills "from whence cometh my help" and said, "I would like to have as much as I can see." He looked amused but said nothing. Next Sunday when Mr. Bothin

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\* Katharine Felton

\*\* Margaret Johnson

arrived he handed me a paper saying, "I have had the tops of the hills seen from here surveyed. One hundred and twenty-two acres will belong to Hill Farm." Later, at my request, he extended the acreage to include a site for Arequipa Sanatorium, which consisted of thirty-five additional acres, making a total of one hundred and fifty-seven acres.

From its very inception Hill Farm was used as a sort of social laboratory. There were no hard and fast rules as to admissions.

Early in my adolescent days I formed a very close friendship with Miss Helen McDowell, a woman of twenty years my senior. Miss McDowell was an independent thinker. She used to say long before her theory was put into practice, "I consider a child better off in a poor home than in a well-endowed orphanage. Institutional life is purely artificial. Children are regimented and are not prepared to live a normal life, being sons, fathers, mothers, brothers and sisters, their individuality is entirely ignored."

When the facilities of Hill Farm were put at my disposal my thoughts harkened back to those early teachings. One of our first acts was to contact presidents of six of the "Asylums," as they were called, inviting each to send a child in need of change to Hill Farm for the summer, the length of stay being decided by the physician in charge. Six institutions were represented: the Protestant Orphanage, the Ladies and Children's Protection and Relief Society, the Boys and Girls Aid Society, Mariah Kip Orphanage and the St. Vincents Home for Boys. [Mona]

This was before the Adoption Agency of the Native Daughters provided foster homes throughout the state. Our invitation was eagerly accepted by the agencies. We had an opportunity of observing and studying these children in contrast with the underprivileged children from their own homes. The first thing we noticed was the difficulty of feeding the children properly. Whereas the normal child likes a variety of foods, the institutional one refused to eat the unaccustomed. Urged to do so the answer would be, "I don't like it. I never ate that before." I took this problem to Miss Anna Beaver, President of the Ladies Protection and Relief Society, who promptly, in her intelligent way, had a survey made of the menus by the University of California Jappa Research Department.

Astonishing facts revealed to us. A girl of fourteen years, noticing a photograph on my bureau of my father and mother asked, "Who's that?" My answer astonished her. She said, "You ain't got both!" "In our home every child has either a father or a mother. None has both!"

Our saddest child came from a boys "Asylum" where he had been since his sixth birthday. Mack never smiled--he was too obedient. All efforts to cheer him failed. One day to my astonishment Mack, at the call of the dinner bell, approached the house smiling and whistling, followed by a shepherd dog, a gift to him by Ed Sieber, our farm superintendent, who in a way adopted him. Mack had a considerable family in San Francisco. As he grew older and strong he longed to live with his own people. At the age of twelve he returned home. In about two weeks he appeared at the Farm begging to come back. He said, "I'm not used to family life. They quarrel all the time." Ed took him under his wing and made him a part of his household. We paid him wages and all went well until 1941 when he began to worry over the probability of being drafted. He brooded over the thought of facing a new world again. One night he failed to return home. The next morning his body was found in a gulch with a bullet through he head.

One summer I invited one of these so called "Homes" to use our camp site for their boys. Thirty of the older boys were sent in charge of a man whose discipline seemed to me very severe. The climax was reached when a small boy was punished for his disobedience in going on the railroad track by holding him on the track with his ear close to the rail until the engine approached alarmingly close. I don't know the effect this brutal treatment had on the boy's nervous system but I do know that when reported to the orphanage the camp was quickly broken up and criminal charges were brought against the supervisor.

So many instances came under our observation of the mismanagement of institutional children that I send up a prayer of thankfulness when I hear of one closed. Supreme power over helpless children seems to develop a cruelty of nature in adults which was unsuspected before.

[transcript resumes]

Teiser: Tell me who wrote this?

McLaren: Miss Ashe.

Teiser: Miss Elizabeth Ashe herself. Do you know when or under what circumstances?

McLaren: I think that the last reference would be to the date 1941, way toward the end there.

Teiser: You said you knew something of the Arequipa Sanatorium.

McLaren: This was a project of Dr. Phillip King Brown, the leading tubercular specialist in San Francisco, who conducted it until his death, when

McLaren: the responsibility was taken over by his son, Dr. Cabot Brown, also a highly regarded specialist in tuberculosis. [Tape recorder off briefly]

Miss Helen McDowell was the superintendent of nurses at the Presbyterian Hospital in New York. I think it's just as well to tie those back together again. She was quite a very, very well known woman.

Teiser: She must have had a good idea, too.

McLaren: Oh yes--child care and so forth today, and the differences of opinion--isn't that interesting to have that approached as early as this? I think it's very interesting.

Harroun: Way ahead of its time.

Teiser: Very much ahead of its time, yes. Very interesting.

McLaren: That is really quite a remarkable recital.

I guess we should go back and dictate something about the beginning. Then there's more about Bothin, who founded the Bothin Helping Fund, which has been one of the very fine charitable foundations for many years. I haven't got the dates.

Teiser: Let's put on the tape that B-O-T-H-I-N is pronounced "Bo-then."

McLaren: Yes.

Teiser: We had two or three questions with regard to this paper. May I ask you?

McLaren: Go ahead.

Teiser: What was Miss Felton's first name?

McLaren: Miss Katharine Felton, and the other was Johnson.

Harroun: Miss Johnson was in charge of--"

McLaren: I'll have to get that, and I'll double check on Felton too. [Katherine Felton was a noted San Francisco social worker and children's advocate.]

Teiser: Miss Ashe spoke of "my cottage." What did she mean?

McLaren: Oh, yes. [Pause] This would have to be sort of a footnote, I think, shouldn't it? Then say, "Footnote." [Pause] Shortly after the construction of new buildings had commenced, Mr. Bothin insisted that

McLaren: a cottage be included for the exclusive use of Miss Ashe. This included accommodations for two and stood on a steep hill overlooking the whole project.

Now let's go back to the continuation of the main thing. The new quarters of the Neighborhood Association covered a large lot on Stockton Street a block or two south of Union. Funds were obtained from the business community, interested city agencies, as well as by a considerable number of money-raising events largely initiated and managed by my mother. Reference to some of them will be made later on.

I think that covers it sufficiently.

Teiser: Fine.

McLaren: No--I think I want to add this: In its design, emphasis was placed upon indoor and outdoor games as well as health and clinical facilities. The architect in charge was Bernard Maybeck, and the outer appearance was in keeping with his exclusive style--what do they call those big slabs?

Teiser: Shingles?

McLaren: No, they weren't shingles. They were big--

Teiser: Shakes, I guess.

McLaren: --of the elaborate use of outdoor shakes rather than shingles.

While all of this was going on, Elizabeth acquired a brand new interest which became the dominant factor for the remainder of her life. Years ago she wrote a detailed account of the beginnings and growth of the Hill Farm. An unedited copy of her account accompanies this memorandum.

Teiser: That will conclude the footnote.

McLaren: Now we start getting anecdotal again. So much has been said about [unfortunate] young children in the foregoing account that a more cheerful note is in order. This was one of Elizabeth's favorite stories, which I will tell with pardonable pride:

It seems that when I was quite young, Elizabeth had taken me to a bathing beach. While she sat in the sand, I wandered away. Soon I returned in great excitement. I said, "Elizabeth, some little children are playing in the ocean." She said, "Are they little boys or little girls?" My reply was, "I don't know. They didn't have any clothes on." [Laughter]

Bothin Helping Fund

McLaren: I return now to more about Mr. Henry Bothin.

In 1917 Mr. Bothin told Elizabeth that he had decided to make substantial provision in his will for the support of a charitable foundation of which the principal beneficiary would be the Bothin Convalescent Home. He asked for her help in order that the fund might accomplish the greatest good. Upon his death, it turned out that the amount of the bequest constituted a substantial portion of his estate, including valuable real estate in San Francisco and Santa Barbara. The acting authorities questioned some of the provisions of the trust, and it developed also that the attorneys who drew up the trust indenture and will had failed to include adequate provisions required or implied by law. Efforts to straighten out the problem was fruitless in San Francisco, and finally attorneys were engaged to handle the matter in Washington.

Meanwhile, a close friend of Mr. Herbert Hoover, who was then Secretary of Commerce, I believe, informed the latter of what had happened. Mr. Hoover suggested that Miss Ashe visit him so that she could give him the essential facts and then offer what advice he felt proper. This was arranged, Elizabeth went to Washington, spent several hours with Mr. Hoover, who gave her some very sound advice, and then proceeded to a hearing before top officials of the Internal Revenue Bureau. They took the matter under advisement, and shortly afterwards sent a letter to the executor of the estate, giving it complete clearance from any tax liability.

Isn't that a kind of interesting story?

Teiser: Very.

McLaren: (New paragraph) The original board of the Bothin Helping Fund consisted of Mr. C.O.G. Miller as president, Mr. Bothin's widow as vice-president, Miss Ashe, an attorney, and several of the Bothin heirs. A year or two later, Mr. Miller became concerned about the wisdom of entrusting important decisions to a board which might have conflicts of interest. So, three additional directors were added, who were Marshall P. Madison, Edward H. Clark, Jr., and myself.

Over the years, the value of the real estate increased and the portfolio of securities also grew, so that I feel sure that the foundation functioned just as Mr. Bothin desired.

Teiser: Was that your first experience as a board member of a foundation?

McLaren: Yes. I was going to come to that next. Meanwhile, I had become president of the James Irvine Foundation, which I felt might involve potential conflicts. So I resigned [from the Bothin Fund]. The Bothin Fund has continued to be a useful charitable institution. One of its outstanding contributions has been toward the support of the Bothin Burn Center at the St. Francis Hospital.

[end tape 2, side 1; begin tape 2, side 2]

McLaren: --largely because of her [Elizabeth Ashe], he [Bothin] turned out to be a great benefactor in several ways.

Teiser: What was Bothin's business?

McLaren: Real estate and investments. He'd turn an honest penny anywhere he got a chance. Now that's that.

Let's see how we ought to end up with Elizabeth Ashe. Upon the outbreak of World War I, Miss Ashe immediately applied for service in the Red Cross. She was given a highly responsible assignment in Paris and served there until the end of the war.

Teiser: You know, we said that a book of her letters is in The Bancroft Library, and you thought perhaps they were the ones from France.

McLaren: Yes.

Teiser: She is said to have kept a diary too.

McLaren: I don't know anything about that. I hope you don't find it--maybe there's something about my secrets in there. [Laughter] [Inquiries of Camilla Hamilton (Mrs. John) indicate that this diary is no longer extant.]

Let me see now. Well, I think that's really ample. I don't think we need any more on this Elizabeth Ashe.

Teiser: The time that I went to visit her, which was in the early forties, probably, and I found her a delightful woman--she lived in a house on Sacramento Street.



## III PARENTS AND CHILDHOOD

Marriage of Linie Ashe and Norman McLaren

McLaren: You have something in about that house?

Teiser: I was going to ask you about the Ashe house.

McLaren: I think that maybe it would be more appropriate to bring that in in connection with my mother. It is a sort of interesting story to the old house.

Teiser: Good.

McLaren: If we're going to have my mother next, let's have that piece about the wedding.

Teiser: Yes, all right. It was from the newspaper, the San Francisco Call of April 22, 1891. It's in the society section. "Wedding of Miss L. L. Ashe and Mr. McLaren. The McLaren-Ashe Wedding. A notable society wedding yesterday afternoon filled Grace Church--"

McLaren: Oh yes. That was the predecessor of Grace Cathedral, of course.

Teiser: "--on California Street. The contracting parties were Mr. Norman McLaren, cashier with the firm of H. M. Newhall & Company and Miss Lina," it says--L-I-N-A.

McLaren: It should be, of course, L-I-N-I-E. The reporter probably figured there was no such name as Linie and it must be a misprint, so he probably just changed it because he felt this sounded better.

Teiser: "--and Miss Lina" (should have been Linie) "Ashe, daughter of the late Dr. Ashe, a highly esteemed pioneer resident of this state, who was specially well known in this city and the San Joaquin Valley. She is a niece of the late Admiral Farragut. Both the principals are favorites in society circles.

Teiser: "The pretty church chancel had been changed into a perfect conservatory of spring flowers. Roses and laburnums, with the every-charming lilac, had been showered around with magic effect by the fair hands of a number of friends of the bride, assisted by the stronger wrists and climbing powers of two gentlemen. The party included Mrs. Carter Pomeroy, Mrs. W. Graham, the Misses Morgan, Miss Hoffman, Miss Sallie Maynard, Miss Eva Maynard, Miss Alice Decker, Miss Cheeseman and Miss Gwin, Gaston Ashe and Mr. Zantzinger.

"The services was singularly impressive. The bride was attended by her sisters, Miss Camelia Ashe--"

McLaren: Camilla.

Teiser: Camilla it should be--"and Miss Elizabeth Ashe, the bridesmaids. They advanced, amid the strains of the 'Bridal March' from Lohengrin, with the ushers, Mr. Gaston Ashe, Mr. Sidney Ashe, Mr. George A. Newhall, Mr. Elliott McAllister and Mr. F. Deering. The church was crowded with fashionable people, and all turned to admire the bride, who came next on the arm of her brother, Mr. William Ashe. Then, as the bride joined her fiance, attended by his best man, Mr. Ford, an English friend at present visiting here--

McLaren: What does it say about Ford?

Teiser: He was an English friend "at present visiting here."

McLaren: It says he was the best man?

Teiser: Yes.

McLaren: His son, Norman Ford, and his wife lived at the Cathedral Apartments. This Norman Ford was named after his father, so that there's been this kind of remarkable family connection. Bob Ford, who has been highly successful (he's retired now), has a great huge place on the hill over here. I think he's remodeled the whole place, and it's just a sort of a palace. He's the captain of our camp at the Grove. He's the grandson. His uncle, Bernard Ford, was the captain that really got me into our camp at the Grove when I joined the [Bohemian] Club fifty years ago. So it's been a very close connection.

Teiser: I should say. What was the senior Mr. Ford's name, your father's friend?

McLaren: I think it was Arthur Ford, but I can easily find that out.\*

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\*See p. 31.

Teiser: "--his best man, Mr. Ford, an English friend at present visiting here, the music died away, and the Reverend R.C. Foute performed the ceremony with due impressiveness." Do you continue to know him also?

McLaren: Oh, I know the whole family. I went to Sunday school with them.

Teiser: "The benediction pronounced, once more the organ pealed forth in all the gladness of a triumphant wedding march as the party retraced their steps and entered the carriages in waiting.

"They, with their friends, were driven to 2315 Sacramento Street--"

McLaren: Yes, the old family house.

Teiser: "--the residence of the bride's mother, where a feast of flowers was presented to the delighted gaze. La France roses reared their long-stemmed blossoms beside the fragrant calyxes of cluster lilies, while Gloire de Dijon roses and rich lilac blooms lent a perfume that mingled with the heavy incense from innumerable other floral censers. Prominent among the floral agents was a wealth of orange blossoms sent for the occasion from the southern orange groves by friends.

"Amid such suggestive and ideally appropriate accessories the wedding breakfast, which followed the congratulating ceremony, was partaken of and the toast of the occasion duly honored. Soon the adieux, with many a 'bon voyage,' had to be said on the departure of the happy pair, who left enroute for a northern trip. They will reside on Pacific Avenue.

"Mr. and Mrs. McLaren's friends are legion, and the wedding gifts they received were particularly numerous, and each delighted the recipients."

McLaren: One of the wedding gifts is really something. I'll get it and show it to you.

Teiser: Good! [McLaren fetches silver bowl] Oh, this was sent by Leland Stanford and his wife.

McLaren: Oh, they were very close friends.

Teiser: It has, all around the sides of it, coins--

McLaren: From various countries.

Teiser: It's a perfectly beautiful bowl.

McLaren: Isn't that remarkable?

Teiser: I'm just looking at the mark on the back of it. "George Shreve and Company."

McLaren: Yes, they were the old jewelers.

Teiser: No wonder your parents were pleased with their wedding gifts.

McLaren: [Laughter] Yes.

Teiser: That was a little before your time. That was 1891. You were born--

McLaren: January 23, 1892.

I think maybe I might put my father in next.

Teiser: Fine--how they happened to meet and so forth.

McLaren: My father's thing, of course, starts in with that account of the family and the family tree and so forth.\* Doesn't that family tree give the date of his birth? I'm quite sure it does.

Teiser: I didn't bring it in with me, I'm afraid.

McLaren: That has a family tree and tells all about the life of my [great] grandfather, who was quite a prominent man, and his activities, which included going out to Australia in the early days and starting Adelaide. He was then chairman of the bank out there and various things. Then he returned to London. My grandfather and a cousin [brother-in-law?] had a big importing and exporting firm that was quite successful. It was called Morrison and Company.

But it gives a very complete account of his life, and then one or two other McLarens that had quite a career.

My father, Norman McLaren, was born in London. He went to school at the London Preparatory School, followed by attendance and graduation from London College. He was remarkably well educated, as evidenced by many sets of handsome books which he was awarded in college. Some of these sets are still in the possession of his descendants.

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\*See Appendix. It gives no birth date for Norman McLaren, however.

McLaren: A few years after graduation, he visited Australia where, as indicated above, the family had substantial interests. He remained there for several years. He decided to return to London by way of the United States, and landed in San Francisco in or around the year 1889. Soon he became charmed with San Francisco and the Bay Area and decided to remain here permanently. But by this time, his funds ran low, and he had to find a job.

Fortunately, he had established his respectability through letters from London and otherwise, and he was engaged as a clerk by Newhall and Company.

In the meantime, he had met my mother, and the romance began. Regrettably, his salary, with what my mother's modest holdings could produce, was a real stumbling block. However, not too long afterwards, he was made the cashier of his substantial employer, and plans were made for an early marriage.

The ceremony was performed on (whatever that date is) as indicated on the accompanying article appearing in the Call.

I might just as well, if this fellow is in, clear this one thing up, because he has a habit of going away. I want to call Ford and get the exact name of his grandfather. [Walking away from microphone]

Teiser: [Upon his return] So it was Arthur Ford?

McLaren: Yes, Arthur Ford. It was interesting that the Mr. Ford from London, referred to in the article, was the husband of Lady Waterow, daughter of the Lord Mayor of London, and that they settled in Ross shortly after my parents' wedding. Their youngest son was named Norman, after my father. He and his wife now live in our apartment house [Cathedral Apartments, San Francisco].

The older son was a member of Stowaway Camp at the Bohemian Grove, to which I have belonged for almost fifty years. (All right. That's enough on that.)\*

#### Sacramento Street Home

McLaren: My sister and I were born on Pacific Avenue and later moved into the old family house at 2315 Sacramento Street, where the family consisted of my parents, their three children, my grandmother, and Elizabeth, who was away from time to time.

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\*But see also p. 155-160, 171-173, and 175-176

McLaren: The next thing we get into is a little bit more about the house. Let's just get the rest of it about the house, then.

The old house had been built by my grandfather after all his seven children were born. It was a rambling affair, replete with bay windows. It had three living floors, as well as a large attic and cellar. There are numerous bedrooms on the second and third floor.

One of my early memories relates to the year 1904 when the Episcopal church had its biannual meeting of bishops and elected laymen in San Francisco. It happened that three of the bishops were kinsmen of my grandmother. She invited all the group to tea at her house. I can remember my sister and I looking over the bannister on the second floor, particularly because one of the guests was the original J. P. Morgan. Of course, we bragged to our school friends about this. [Laughter]

Teiser: How did J. P. Morgan happen to be there?

McLaren: He was one of the top laymen.

Teiser: I see. I didn't realize that.

McLaren: I thought I tied that together above there, that the official party had a biannual convention consisting of the bishops and elected laymen.

Teiser: Yes. It's just that my ignorance caused me to ask that question, because I didn't realize that he was a prominent Episcopal--

McLaren: We might put it in down there below, after J. P. Morgan, one of the lay delegates. That fits in all right there.

Teiser: Fine. What did he look like?

McLaren: Just what pictures look like. I remember he had a big nose. [Laughter]

Teiser: It must have been fun to live in a big house like that for you kids. Was it?

McLaren: Oh yes. We had a wonderful Chinese cook. There's no need getting into that.

[end of tape 2, side 2]

[Date of Interview: May 13, 1977]  
[begin tape 3, side 1]

Teiser: Did your father tell you, or do you know anything about whether your father stayed in San Francisco because he thought it was a good place for an enterprising young man to be?

McLaren: There's no question about that. That's just why he stayed here. And he fell in love too. That's the only reason he stayed here-- because he figured out it was the nicest place he'd ever been in which to live.

Teiser: He'd been many places, too.

McLaren: Oh yes.

Teiser: He was well connected, so he met your mother's family, who were of course in considerable social positions. It would have meant that he, to meet your mother, would have had to be well connected too.

McLaren: Yes. By the way, there's one little point (it's completely insignificant, but still it's quite a coincidence), and that is that we were talking about Mr. Ford who moved here, and his wife was the daughter of the Lord Mayor of London. As a matter of fact, I was talking to Bob Ford this morning, who was a grandson of his. This Arthur Ford, the grandfather, became the executive vice-president of the Crocker Bank and was a member of all the good clubs. At one time he was president of the Burlingame Club. Now his grandson, Bob Ford, belongs to all these good clubs and is the current president of the Burlingame Country Club, which I thought was really quite a coincidence. I don't know whether it's important to put in or not.

Teiser: Well, it is. That's a point that I think is interesting: that in changing times such as these, there should be that much continuity. We'll come back to it when we discuss all your club affiliations.

McLaren: Yes. We might make a note of that, to take it up again some time.

Teiser: Did your father become a member of these clubs quite quickly?

McLaren: His principal club was the Bohemian Club always; he pretty well stuck to that. Of course, I had two uncles who were members of the Bohemian Club as well.

Teiser: Do you think they introduced him? Did they put him up--?

McLaren: Well, it's possible. I really don't know who put him up. So that's that.

McLaren: What was the very last thing that we had last time? We were talking about my mother and father, I think.

Teiser: We'd been discussing your household, and the house on Sacramento Street.

McLaren: Yes, that's right. We've all covered that, I think, pretty well.

Teiser: It must have been a rather famous home, was it, in San Francisco?

McLaren: Oh, maybe one of fifty. Something like that. In those days.

Teiser: Were there many entertainments there like that [one you described]?

McLaren: There were quite a few. But in later years, of course, all of the sons and my aunt, Mrs. Sewall, lived in the East and didn't really use it at all. No, there wasn't much in the way of lavish entertainment.

Teiser: Did your aunt Elizabeth continue to live there?

McLaren: She continued to live there, yes.

What we did, after the Fire, we had the house remodeled (it was such a big place). There were four stories. We took the upper two stories with a separate entrance, and then an entrance [was] built in the side, and she had two stories. So that arrangement lasted until I was in college, at least up to that point. It lasted until at least 1914.

Teiser: Elizabeth Ashe continued to live there all her life?

McLaren: Yes. She lived into either the forties or the fifties.\*

Then this Camilla Loyall Hamilton lived on the upper floor.

Teiser: She was the niece.

McLaren: Yes. She's the one that Elizabeth had brought up from the time she was a [child].

Teiser: Is she alive now?

McLaren: She's alive. She's in very poor health.

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\*She died January 25, 1954. Mr. McLaren's son, Tom, also lived in the house with his wife early in their marriage in the mid-1940s.



Teiser: Does she live there, in that same house?

McLaren: That's right.

Teiser: She does! That brings the history of that house around. Thank you very much.

McLaren: We haven't said anything yet about my father starting the accounting firm, have we?

Teiser: No.

McLaren: That's the thing that actually happened next.

Teiser: He was working with H. M. Newhall Company before that, you said.

McLaren: That's right.

Teiser: That too was another family that must have been equal in status to yours.

McLaren: They were a very prominent family.

My parents occupied the small house at One Pacific Avenue [1911 in 1892 directory] and, as mentioned earlier, my sister and I were born in January, 1892. It so happened that my father had an intimate friend who was a prominent chartered accountant in London and had given him letters of introduction to friends in San Francisco. At that time there were no professional accountants on the Pacific Coast.

My mother and father at once saw the unusual opportunity open to the pioneer in this field. So he formed a partnership--no. Just say, "More of this later." (We can stop at this point, you see, because that ties it in.)

Teiser: Good. Very good.

#### Town and Country Club

McLaren: Now I'll start talking about my mother.

My mother was one of the most versatile person I have ever known. She was a talented writer and a good speaker, and long before her marriage, she was very active in support of charitable organizations such as the Telegraph Hill [Neighborhood] Association and the Children's Hospital.

McLaren: She continued, until my parents retired, to organize and direct many fund-raising activities, including operettas and the like.

Teiser: She was interested in the theater and the arts, then, also?

McLaren: Not so much in [the arts]. It was mostly the theater side of it.

A rather unusual episode in her career came about as a result of a dream. When the Town and Country Club was preparing for its seventy-fifth anniversary, I was asked to write my recollections of the founding of the club. So I decided to give them the title, "A Dream Come True." (This isn't too long to put in at this point; it's so darn unusual that we might see if that suggests anything further.)

"A Dream Come True." [written by Mr. McLaren in 1967]

In the Fall of 1892 my mother, Mrs. Norman McLaren, and Mrs. Carter Pomeroy were having breakfast at our family house in San Francisco. Soon my aunt, Miss Elizabeth Ashe, joined them and informed them of an unusual dream that she had had during the night.

She dreamed that she had come over from Marin County to shop in San Francisco and she had no coat or umbrella. Suddenly a heavy shower occurred while she was in the block between the Crocker Bank and Shreve's on Montgomery Street, on the south side of Post Street east of Kearny. Immediately she sought shelter in a doorway, which she finally opened. She walked up a short flight of stairs and at the head was a desk, behind which was seated a very pleasant woman, to whom she explained why she had walked in. The woman said that she had certainly come to the right place because this was a women's club, which functioned primarily to make shopping easier, particularly for people who dwelt in the suburbs. She said that as part of the service they had an umbrella stand, from which umbrellas could be borrowed, and offered to lend her one.

At this time, of course, there were no women's clubs in San Francisco and no facilities of this character.

When she had finished her story, my mother said to her, "That was a wonderful dream and I think a practical one. We should explore the possibilities immediately of starting a club which may carry out this excellent idea."

The same day my mother and Mrs. Pomeroy went to the exact location which my aunt had reported, and found that there was an empty loft just beyond the Crocker Bank, with a store underneath. They proceeded immediately to organize a women's club, with the appropriate name "Town and Country Club." In a comparatively short time the number of charter members required to launch the enterprise

McLaren: was obtained, and the Town and Country Club was founded on January 12, 1893. The location was the second floor above Morris' Art Store at 23 Post Street. My mother became the first president and the enterprise was successful from the start.

One of the interesting features was that from the beginning a lending-umbrella stand was provided, which has been functioning in a very useful manner ever since.

It is interesting to note that in the original by-laws a provision was included which appears to be unique in the annals of American club life; this is a requirement that all members who do not have a legitimate excuse are fined for non-attendance at the annual meeting of the members. This provision also has continued until this day.

After the original rooms were destroyed in the great fire of 1906, the Club acquired temporary quarters at 1916 Franklin Street. On February 13, 1909 the Town and Country Club was incorporated, and shortly thereafter rented two floors at its present location, 218 Stockton Street. The building, which consisted of three stories, was purchased in 1913. Later a fourth floor was added.

An interesting sidelight was the Club's resistance to the serving of cocktails and other spirituous liquors for a long period of time. After the repeal of prohibition, however, pressure built up to such a point that the officers of the Club bowed to the inevitable and joined the ranks of most of the outstanding women's clubs throughout the country.

As a footnote, I am very proud that my mother, who converted my aunt's dream into reality, was the only person who has ever been elected an honorary member of the Club.

[transcript resumes]

Teiser: That's an extremely interesting history and it's interesting that they should ask a man to give it. [Laughs]

McLaren: Well, of course, my mother had been the founder and first president of the club. You see how far back--that's when my sister and I were just babies that she took this chore on. She must have spent a tremendous amount of time organizing, getting the membership together, and so on. But it was a success from the very start. It's always been financially successful.

Teiser: She must have had the quality of leadership.

McLaren: Oh, she did. There's no question about that. No question about that.

Teiser: Did your father too, in that same way?

McLaren: Not to the same extent. He was rather retiring. He didn't like publicity. My mother wasn't seeking it, but it didn't bother her at all.

### School Days

McLaren: How about putting in just a few lines about my brother and sister at this point?

Teiser: Yes, let's do that.

McLaren: All right.

When we reached school age, my sister, Constance, attended a girls' school, and I was entered first at the Grant School and later at Pacific Heights School. Clotilde Grunksy (and I forget--she married quite late in life and her husband's dead now. You can very easily get her name, the class of 1914\*) who was also in our UC class of 1914, brought some pictures of the sixth grade class at the Grant School to a recent class reunion. [See illustration next page. Mrs. Taylor sent the photo to Tom McLaren after his father's death.] We could identify half a dozen who were still alive. Later, my brother Dick attended the Pacific Heights School.

Teiser: Are some of those youngsters you went to school with still friends of yours?

McLaren: Just to the extent of saying hello, really. But Clotilde has always been quite friendly. In fact, we did a lot of stuff together in college activities when we were in college.

Then came the fire on April 18, 1906, our family experiences during and after the disaster. I think you might enjoy reading the letter I wrote to Aunt Millie about it. [See next page] Soon my parents and three other parents became disturbed about the effect upon our characters of the wide open life in the community.

Teiser: What was happening? What was wide open about it?

McLaren: --which was reminiscent of the days after the Gold Rush. The Barbary Coast had become infested with dance hall gambling places and other dens of iniquity, and the education process for children

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\*She married Charles V. Taylor.



Miss Kincaid's Sixth Grade Class at Grant School, 1903.

Loyall McLaren is holding the flag,  
second row from the rear on the right.



McLaren: had deteriorated. Accordingly, they decided to send us away to school, and after some research, chose the Taft School in Watertown, Connecticut. One of the reasons was that the headmaster, Horace D. Taft, had been somewhat of a beau of my mother. Accordingly, we were sent away the following fall.

Ward Mailliard and Ted Eyre graduated--they were both very well-known families--in 1909, and Kenneth Monteagle and I in 1910. The first two entered Yale, but Ken and I persuaded our families that in the long run we would be happier if we completed our education on the Berkeley campus of the University of California.

Teiser: Taft was considered a prep school for Yale, was it?

McLaren: Yes. I have never regretted this decision, nor did Ken.  
[end tape 3, side 1; begin tape 3, side 2]

McLaren: It is interesting that before we finished at Taft, ten additional San Francisco boys had entered, and that over the years it is my guess that there have been more Taft graduates from this area than any other Eastern prep school.

Teiser: Did many boys from families of your family's social status go to the University of California in those years?

McLaren: Several contemporaries followed our lead in entering California or Stanford. This group also included Emerson Butterworth, from Santa Barbara, who started at Berkeley in 1912.

Here's another coincidence. He later married Mary Stillman. After his untimely death more than ten years ago, I became her second husband.

Teiser: Continuity too.

McLaren: I think that pretty well covers that part of it.

#### Father's Illness and Paris Years

Teiser: Yes. Shall we go on to your years, then, at the University of California?

McLaren: Gee whiz, there's so darn much of that. There must be something else that we have here. I have something here. This was something I got out of curiosity, to show my mother's versatility. She made

McLaren: copies of this and sent it to all the family. This was a crossword puzzle that she composed for us. In her letter she says, "I want to apologize for one thing in this puzzle. I had to use so many words of two letters, which is not considered good form by experts." [Laughter] But I thought it would just be interesting. I pulled this out of some old papers.

Teiser: That's hard work to make up a crossword puzzle.

McLaren: Oh, that's no cinch. That was when they were living in Paris.

Teiser: This brings us to that. We skipped your father's career, for Mrs. Morris to take up. But in about 1918, was it, he went to live in Paris? How did it happen that he and your mother changed their residence then?

McLaren: In 1914 my father left a client's office as he was late for another engagement. When the elevator did not appear, he became concerned and stuck his head into the shaft to see where it was. At that point, his nose was badly fractured and he escaped death by a narrow margin. In his convalescence, the doctors prescribed a long sea voyage. So he and my mother sailed for Australia. After a year he returned, but his health was permanently impaired. They remained in San Francisco for a few months and then decided upon complete retirement.

At first, their headquarters were at various spots in the Mediterranean, but especially along the Riviera. Later, they settled down in Paris where at once my mother started a school for grandchildren, one at a time. In between their visits, however, she made perhaps half a dozen trips home alone, leaving my father in the care of a capable nurse and her daughter.

In the latter part of 1940, my mother came home for a visit, but in a short time was found to have an incurable disease which resulted in her death in the early part of 1941. Fortunately, my brother Dick and I worked out a schedule which would enable one of us to see her almost every day.

Earlier, where we refer to this schooling, I think I should add: In connection with the schooling process, I might say that all together five of her grandchildren made long summer visits, which included considerable travel to historical places. Then I must add this: My father lived for several years, and the year before he died, visited San Francisco for several months, accompanied by the younger nurse. When my Uncle Douglas, who was the dean of Exeter Cathedral, heard about the proposed trip, he wrote me a letter urging that much gossip would result from this arrangement--even though my father was almost ninety years old at the time. [Laughter]



McLaren: That wraps that up, doesn't it? Any questions?

Teiser: Your father returned to Paris, then?

McLaren: Yes.

Teiser: What year did he die?

McLaren: Yes, I can figure that.

The only time that I had seen him since my mother's death was when we had a happy reunion in Paris on my way to Moscow for the reparations conference.\* His death occurred in 1948.

Teiser: So he was in Paris all during the Second World War. It must have been tough.

McLaren: Oh yes! Although he disliked talking about it, he was quite useful to the underground resistance group during the German occupancy of Paris. So that ought to wrap that up. What other holes do we have to fill?

#### Brother Dick and Sister Constance

Teiser: Can you just add very briefly your brother's career?

McLaren: Yes. I might just say a word about my sister and brother.

My sister made her debut in 1914, and in 1915 married Millen Griffith, a member of a pioneer family who for many years had lived in Ross. In talking about Taft School, above, I forgot to mention that he was also a graduate in the class of 1908.

My sister was quite active in garden work, having been the president of one of the big garden clubs. She was stricken with multiple sclerosis while her husband was still alive, but lived as an invalid for many more years.

My brother, Dick, graduated from the University of California in 1917 and was one of the original members of the volunteer ambulance corps in World War I. Upon our entry into the conflict, he was at once commissioned and saw considerable active service.

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\*See Chapter X.

McLaren: In about 1919 he married Evelyn Poett, who was also a member of a distinguished old California family.

There's one thing that I think is really interesting that we haven't covered, and that is--I showed you that sampler, did I, the other day? With my grandmother's miniature?

Teiser: No, you didn't.

McLaren: Well, This isn't too long, and you can put this in in the right place.

Teiser: Tell about it. Good.

McLaren: (This, of course, is in the part about the McLaren family.)

About fifteen years ago, I received at my office a package from England. There was no identification as to who was the sender. I opened it and found that it contained a beautiful miniature of my grandmother wrapped in some heavy cloth. I opened the cloth and found that it was a sampler in variegated colors. The writings were in the nature of a sermon attacking the evils of hard drinking, with decorations of small animals and the like alongside. Below it appeared the following words. (Now come in here. Just take a minute and come in and--)

Teiser: [Explaining] We were just looking at a very nicely wrought sampler with a decorated border, and it was headed "A Tree of Dissipation" and it was a statement against drinking. Catherine, will you read what it said at the bottom? What you just wrote down.

Harroun: It says, "Worked by the children of the Infant School, Charles Street, Kensington, and presented by them to J. McLaren, Esquire, with many thanks for his kindness in defraying their expenses to Victoria Park and back July 23, 1863."

Teiser: That's very nice. Did you say what your brother's occupation came to be?

McLaren: Dick came to work in our office, but partially because of the eye strain, left after a year or two and entered his father-in-law's company, William Diamond and Company. Afterwards, a substantial new shipping company was started, which included a group of his close friends, and he was made president of the organization, which acquired several new freighters, primarily for the Pacific trade. Unfortunately, he died of a heart attack about twenty years ago.

McLaren: That wraps it up, I think, doesn't it?

Teiser: Yes, that does. That accounts for all members of your family and takes you right up to your years at the University of California, which then I trust you will regale Mrs. Morris with.

McLaren: I can give her that right at the start.

### Mother's Cookbooks

[Date of Interview: May 27, 1977]

[begin tape 4, side 1]

Morris: This morning, you wanted to talk a little bit about Linie McLaren and her cookbook.

McLaren: [Correcting pronunciation] Linie. Linie. [Lie-nee]

Morris: Right. How did your mother get interested in cookbooks?

McLaren: My mother had a very peculiar hobby, which was cooking and inventing recipes. So, when the old family house was divided into two so it reduced the size of the housekeeping, my mother conceived the idea, in addition to a trained maid, of bringing in young immigrant girls-- of course, one at a time. They were mostly Irish and Swedish; there must have been all together four or five or six of them. She'd bring them in at low wages and guarantee that in six months they would be trained cooks who could command a substantial stipend. That worked out extremely well.

Getting back to the High Living book, I don't recall the exact year that--

Morris: The publication date is 1904. She must have worked on it for a year or so, at least.

McLaren: Yes, that's right. 1904?

Morris: That's the copyright date.

McLaren: She, through her sister, largely, Elizabeth Ashe, had become very much interested in the activities of the Telegraph Hill Neighborhood Association. So she decided that as her contribution she would prepare a cookbook and give the proceeds to the Telegraph Hill Neighborhood Association. It turned out very successfully.

Morris: Tell me, did she try out these recipes on her family?

McLaren: I won't say she tried them on the family; she would try them out on herself. I think there was one exception, as I recall--it's not important. But she had actually prepared practically every recipe in here [referring to cookbook] herself.

Morris: You said that she would train the Irish and Swedish girls. Would she get some recipes from them?

McLaren: Oh no, no, no. They would be untrained immigrants, you see.

Morris: Right. But would they tell her about the food they used to eat at home?

McLaren: No, no. I'm sure that that wasn't the emphasis at all, so that I'm quite sure that she didn't get much help there. So this was quite a success.

Then, at the time of the exposition in San Francisco in 1915, she had continued to retain her interest, had been collecting recipes here and there. And so that's when she decided to do this other one. She doesn't say anything at all, I guess in either book, about donating the proceeds to Telegraph Hill.

Morris: High Living she says is a benefit for the Telegraph Hill Neighborhood Association, and Mr. Hamilton's preface is rather a charming little piece about the ladies going up to the Hill to take care of the unfortunate children.

McLaren: On the next one, I really don't know what the financial arrangements were, but I'm sure that the proceeds went largely to charity.

Morris: Let me see. [Refers to book] Your mother speaks of being interested in the large stock of material to keep down the cost of living and to present to the American housewife a few dishes borrowed from foreign countries. This one is done in alphabetical order, by category.

McLaren: I would say that her real motive for getting out this book was for her own amusement.

Morris: Did she enjoy doing some of the actual cooking herself?

McLaren: Oh yes, she enjoyed it very much. For instance, she had a very extensive knowledge of the use of various kinds of herbs in cooking, which is somewhat unusual.

Morris: Did she grow her own herbs so she'd have fresh ones?

McLaren: No, no. She managed to find sources, but I'm quite sure she never grew herbs herself.

Morris: How had Edward Hamilton become a close enough friend to take an interest in a cookbook? That's kind of unusual.

McLaren: My father was active in the Bohemian Club and knew him in that connection. Aside from that, I'd make a guess that in order to set the thing up properly that they had mutual friends who also asked him to do it. Because he'd had no connection with the Telegraph Hill Association up to that point.

Morris: You said that he was a journalist in San Francisco. For which newspaper?

McLaren: One of the principal writers for the Examiner.

Morris: Would he have given a mention to the cookbook and the Telegraph Hill Association, then, in the paper, after he'd written the introduction for your mother?

McLaren: I don't recall. [Laughs]

Morris: That's the kind of thing one hopes now, because the cookbook as a fund-raiser for charitable causes has become a very popular thing. It's interesting to know it goes back as far as your mother.

### Taft School

Morris: Did you talk with Miss Teiser at all about going to Lowell High School?

McLaren: No, I didn't mention it. I forgot all about it.

Morris: You went to Lowell, then, before you went East.

McLaren: I started in at the winter term, at the beginning of 1906, with the plan of continuing for the remainder of the term--in other words, early summer--and then in the fall going on to Taft School. But suddenly the earthquake came along, and it was very disconcerting. Lowell High School, which was at Sutter and Gough, had not been badly damaged. We had a short vacation and then they moved in another entire high school, and the Lowell students only went there in the afternoons.

Morris: They went on half sessions.

San Rafael, Calif;  
Thursday, May 3, 1906.

Dear Aunt Millie:-

I suppose you have read in the papers about the fire and earthquake of <sup>Wednesday,</sup> April 18<sup>th</sup>, and will not bother you with accounts of these but will tell you about the family.

The Saturday night before the earthquake I was operated on, out at the Children's Hospital, and by Tuesday Evening most of the pain had stopped. At 5:15 o'clock on Wednesday Morning April 18<sup>th</sup>, I woke up suddenly, thinking somebody was shaking my bed, but when I looked around everything was on the floor and I was almost thrown out of bed. I held on tight and the earthquake lasted 48 seconds longer. I was helpless to do anything and held a pillow over my head, in case of any plaster or beams falling, and waited to see what

would happen.

Some patients in other rooms started to shriek and the nurses ran around to all the rooms to see how the patients were.

Hardly any plaster fell down in my room as the building I was in, was concrete, with a steel frame and was round.

About three-quarters of an hour afterwards, mother, daddy and Uncle Bill came out to see whether I was alive or not.

They said that the house did not suffer much but shook terribly. The first thing they heard was Uncle Bill falling out of bed.

The steel and wooden frame buildings did not suffer much, but the brick and stone buildings were smashed to pieces.

The total deaths will amount to about 500.

None of the family were bodily injured in any way but we lost a good deal of money.

Elizabeth's house on Telegraph Hill is burned. Dick and Bob Rathbun, Uncle Porter's step-sons, were spending a two-weeks vacation at Uncle Bill's ranch.

On Saturday Mother managed to scrape up an<sup>3</sup> army ambulance and we went to San Rafael via Presidio, via Black Point, via Ferry Building via Sausalito. We got up at seven o'clock in the morning and reached San Rafael at 4 in the afternoon.

Mrs. Pomeroy had just rented a house and she kindly invited us all for a week and me for the whole term until school closes. I am going to the High School over here.

The doctor says I can start in on Monday. We got a telegram from Cousin Lory all saying Ely will arrive here on Friday.

In a few days mother is going to our place at Lagunitas.

I wear long trousers now.

The Pomeroy's suffered very heavily in the earthquake and fire. Both Mr. Pomeroy's ~~and~~ office and their home on Hyde Street were burned and they only saved part of their silver and a few rugs, together with a few clothes and some heirlooms. Mrs. Pomeroy sends love.



Laura Morgan is staying over here with Mrs. Babach.  
She sends love. She lost her things as her boarding house  
was burned.

Mother sends love and says she will write you  
soon. She is doing fine work and is nearly always in  
the city helping unfortunates.

Please give my love to Uncle Harold and the children.  
Please excuse my writing as I am just convalescing.

In haste,  
Your affectionate nephew,  
Loyall McLaren.

McLaren: Went half sessions. As a result, Ken Monteagle and I had plenty of time to get into mischief. One of our pranks was we'd go to the San Francisco Tennis Club in the morning two or three times a week and play a little tennis. But we also learnt how to roll Bull Durham cigarettes so that--speaking for myself, and I'm sure it applies to him too--we learnt practically nothing in the way of education during that entire period. It was just a complete waste of time.

Morris: The letter you wrote your Aunt Millie in 1906 gives a vivid picture of your experiences at the time of the earthquake. [See illustration previous page]

So your family decided that you should go to Taft.

McLaren: Actually, there'd been some talk about it with other mothers, so that the decision was really made after the fire.\*

Morris: Did you talk about your years at Taft with Miss Teiser?

McLaren: Very briefly.

Morris: Did she ask you if you found Connecticut very different from California--the way the boys went about things and the way the school was operated?

McLaren: She didn't ask me that. There was a decided difference, because most of the boys had come from homes in large cities. The bulk, of course, were from around New York and Chicago, and then a scattering over the rest of the country. They had been exposed to far more metropolitan influences. But we soon got into more or less their patterns, I presume.

Morris: Did you feel kind of different?

McLaren: At the start, somewhat different.

Morris: Did you have a chance to get to know anything of the East Coast? Did you visit at all in anybody's homes or anything like that?

McLaren: One of my mother's sisters had married a member of a very prominent family up in Bath, Maine. On two different occasions, I spent the Christmas vacation in their house, and also visited them briefly on two or three other occasions. In addition, my cousin, Loyall Farragut, the only son of Admiral Farragut, was a widower, and he and this retired navy man had this very nice house in New York City. It happened that he and Mr. Horace Taft, the head master of the school, were old and close friends.

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\*Who's Who lists Mr. McLaren's years at Taft School as 1907-1910.

McLaren: My cousin would find all kinds of excuses for me to come down and spend the weekend with them, and that sort of thing. It had quite a bearing, really, upon my future activities because most of his friends were sedate people who would go to the opera but wouldn't be particularly interested in musical comedies. But he loved musical comedies, so that for a period of three years, I saw many if not most of the successful musical comedies, which I'm sure had quite a bearing on my later activities in working on shows and so on.

Morris: Do you recall what some of those musical comedies were?

McLaren: The Merry Widow and all the really good ones. The Merry Widow is one that sticks in everybody's mind. That's when it was brand new.

Morris: Didn't they call those operettas? They're a little more elegant than--

McLaren: Well, they were both operettas and musical comedies. I'd say actually that we went to more musical comedies than I did operettas. I remember one very delightful one called The Three Twins. The leading lady was Bessie McCoy, and the two principal songs were "Cuddle Up a Little Closer" and the other was Bessie McCoy's star number, "The Yama-yama Man."

Morris: [Laughs] "Cuddle Up a Little Closer" has become an American standard. "The Yama-yama Man" I've never heard of.

McLaren: Well, she came out with a polka-dot dress. I forget the first line. It was something like, "Look out for the Yama-yama man, with terrible eyes and cheeks of tan. Maybe he's lurking about. Look out, or he'll get you," that sort of thing. And she did this perfectly marvelous dance while she sang this song.

Morris: Did you find you had an ear for this kind of thing--?

McLaren: Oh yes.

Morris: --and you could take the songs back and sing them to the boys at Taft?

McLaren: Well, no. You see, much to my mother's disgust, my piano lessons when I was younger were not successful and just never got anywhere really. But I could carry a tune. In fact, every now and then when I'm writing lyrics for a song, I'll sort of think of a catchy line that might be introduced as part of the general theme, and so on.

Morris: You can hear a musical note for it.

McLaren: That's right. Well, so much for that. Now, the other things about school are covered very fully in the material that she has.

## IV UNIVERSITY OF CALIFORNIA, 1910-1914

Fraternity Rush

Morris: Did you take any time off between Taft and going to the University?

McLaren: No. I entered the University in the fall of 1910.

Morris: I wonder what you recall about your first days there as a freshman. Was that a big change, coming back from a school like Taft?

McLaren: Before going East to school, I had made close friends of boys in a number of different social groups, and practically all of them--a big majority--had gone to the University of California and joined a number of different fraternities. So, when the rushing period started, I received a large number of invitations, I suppose as many as ten, to go to these various fraternities. Well, it was a waste of time, as far as I was concerned, because I knew that I wanted to join the same fraternity that Ken Monteagle was going to join because his older brother had joined it too, and that was the Psi Upsilon fraternity.

Morris: Mr. Monteagle was a particularly close friend of yours all the way through.

McLaren: He was my closest friend, yes. We had gone East together at the same time and roomed together for a while at school, and then we had made our plans together to come out here. It just happened that during this period Ken Monteagle was not around; he'd met a wait in registering or something. So I was beginning to get very, very uncomfortable about the whole thing because some of these people were asking me to join; I tried to keep them from doing it. But it finally worked out all right.

Morris: You hadn't gotten your bid from Psi U yet, is that what you're saying?

McLaren: No, I hadn't even been invited there! [Laughter] So it was very, very embarrassing. In fact, for years a few people remembered it very deeply; they thought I was just fishing for bids, you know. Oh, it was awfully embarrassing.

Morris: I can see that, yes. Was Kenneth's older brother still at Cal, or had he graduated?

McLaren: He had graduated the year before.

Morris: So you didn't know anybody at Psi U?

McLaren: Oh, I knew several of them there, but they just didn't get around to me. I guess they assumed that as soon as Ken came along that they'd invite me and I'd join. Well, that's just what happened too.

Morris: And Ken finally got there.

McLaren: Yes. [Laughter]

Morris: That must have been quite an anxious time waiting for that to get worked out. What was there particularly about Psi Upsilon?

McLaren: For one thing, my family were very close friends with the family of Charles Mills Gayley, and he was a Psi U. Then there were three or four others in upper classes or who had graduated that were in the group of family friends, so to speak. So it was quite the natural thing to do.

Morris: In your experience, most people joined fraternities and lived in the fraternity house.

McLaren: That's right. Of course, over the years, there've been large numbers of students who would commute from San Francisco and other places around the Bay on a daily basis. But among the people that I knew, practically all of that group lived in fraternity houses, which was really much better for them because it got them into extracurricular activities to a greater extent.

Morris: Did the fraternity you joined have any influence on what kind of courses you studied and what your academic interests were?

McLaren: Well--

Morris: Sometimes you hear that one house is all full of engineers and another is full of athletes, and that sort of thing.

McLaren: No, I wouldn't say that any member of the fraternity really had any influence on me, as far as that was concerned. My father knew what I wanted to do, anyhow.

Morris: And what was that?

McLaren: Maybe this comes in in the wrong place , but we might just as well cover it.

Morris: If it comes to your mind now, let's talk about it.

McLaren: All right. On a few occasions before I went East to school, my father had given me a chance to come to the office for a dollar or two a day as an untrained audit assistant. Of course, his idea was for me to familiarize myself with the accounting profession and to see whether I'd be comfortable in that type of work. It was hard for me to visualize the real possibilities, particularly because my duties were closely supervised, and there was no chance of using any initiative whatsoever.

When I went to California, to Berkeley, I knew that the one thing I wasn't going to study was matters that would lead to my becoming a professional accountant.

I had liked Greek and Latin at the prep school. So, as a freshman, I took Greek and Latin and kept both of them up for two years. My other interest was English, so I took as many English courses as I could, but stayed as far away from Economics as possible. [Laughs]

Morris: Was it the literature that appealed to you in Greek and Latin and English?

McLaren: I think that it was; there's no question about that. Also, in the back of my head I may have had the idea--of course, it was probably only partly formed, if at all--that some day I might adopt writing as a career.

Skipping ahead a few years, when I graduated from college and started looking for a job, I found that my selection of studies in college didn't appeal to the people I was trying to get to hire me. Then when I started in--and we can go into this phase of it later--in investment banking, one of the first things I did, after getting settled, was to realize that a knowledge of business accounting was essential. So I entered a University Extension course to study accounting. That was a sort of unusual turn-around.

Morris: You went around in a circle on that. [Laughter]

Who were the professors that particularly impressed you in English--?

Blue and Gold Yearbook

McLaren: We have a book there--it's the Blue and Gold for 1914.

Morris: That was your senior year.

McLaren: But, you see, it's turned out by the junior class. I was trying to find something that had some record of your achievements in extracurricular activities and that sort of thing, and I couldn't find a damn word in here!

Morris: So your record of achievements, would that be in the Blue and Gold of 1913, when you were a junior.\*

McLaren: No, no. You see, the 1914 Blue and Gold was published in 1913, wasn't it?

Morris: Yes. It says, "Copyrighted 1913." So you'd have been a junior in 1913. Let's try page 273 and see if you're in the junior class.

McLaren: I know I'm in the junior class there, in '13.

Morris: Okay. [Looking through Blue and Gold] There's R. J. Koshland, Robert. He was a classmate of yours.

McLaren: That's right. Now look, go back to the table of contents and it'll have the Josh Department.

Morris: There you are in the junior class pictures, in the top row. Isn't that a handsome picture! Very dashing gentleman.

McLaren: [Laughter] Now--

Morris: [Looking through Blue and Gold] Here's Psi U.

McLaren: What is it, a group picture?

Morris: Yes. "The junior delegation: Kenneth Blanchard, Norman Loyall McLaren, Craig Lovett, Gabriel Carlos Duke, Howard Webster Fleming, Austen Ramon Pohli." Mr. Monteagle did not stay very long at Cal?

McLaren: He stayed there for about six or seven years, because what would happen would be that his family had inherited a lot of money, and they liked to travel, so that he'd register for a term and busy himself

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\*Mr. McLaren's student accomplishments are listed on p. 267 of the 1915 Blue and Gold, issued in 1916.

- McLaren: with other activities rather than study, mostly. Then, before the end of the term, he'd take a leave of absence because his family wanted him to come and meet them in Europe or somewhere. So that he spent--I think it's safe to say that he was registered for at least twelve terms. [Laughter] That's why he's not in the picture.
- Morris: So he would appear and disappear. All right. I found the Joshes, and there's a Senior Extravaganza, a Gilbert and Sullivan operetta?
- McLaren: I was the editor of the Josh Department, you see. I spent a lot of time on it. Now, just to tie us up a little tighter, going through the stuff that you were reading, some of the articles, pretty soon there'll be pictures on several pages of a lot of fraternity houses--
- Morris: Yes, indeed. There's Sigma Alpha, Alpha Delta Phi--
- McLaren: And are there cartoons for the outside of their buildings?
- Morris: Yes.
- McLaren: That was the thing I spent the most time on in this, because I got this talented artist, and I'd take him around and he'd do these cartoons. Then there'd be a very satirical write-up of what went on in these various houses, and so forth. [Laughs]
- Morris: In something like that, would Psi U come out as the superior one?
- McLaren: No, no. I'd have to be pretty careful of that.
- Morris: Did you spend a lot of time on working on the Blue and Gold?
- McLaren: You mean this? [Indicating book] Oh yes! We spent an awful lot of time on it, yes.
- Morris: So that you really were looking for things to do that you could use your interest in writing.
- McLaren: Getting back chronologically, shortly after the beginning of the fall semester in 1911, I was approached by one of my acquaintances, Harold P. Williams, who said that, in connection with the annual contest for college songs, he had sketched out some music and, if I liked it, would I write the lyrics?
- Morris: This was an annual song contest? This was a big event?
- McLaren: Yes. They had one every year. Sometimes they didn't have an award, but they had the contest every year.



Morris: You took him up on it? [Long pause]

McLaren: I had hoped to enter this competition, particularly because I had written a short school song while at Taft. So I immediately took him up on it. The result was the "Big C Song."

# BIG "C"

(Music by H. P. Williams '14)  
On the rugged eastern foothills  
Stands our symbol clear and bold;  
Big "C" means to fight and strive  
And win for Blue and Gold.  
Golden Bear is ever watching;  
Day by day he prowls,  
And when he hears the tread  
Of lowly Stanford Red,  
From his lair he fiercely growls.

# (BEAR YELL)

Gr-r-r-r-r-rah! Gr-r-r-r-r-rah!  
Gr-r-r-r-r, R-r-r-r-r, R-r-r-r-rah!  
We are sons of California,  
Fighting for the Gold and Blue.  
Palms of glory we will win  
For our Alma Mater true.  
Stanford's men will soon be routed  
By our dazzling "C"  
And when we serpentine,  
Their red will turn to green,  
In our hour of victo - - - ry.  
—Words by N. L. McLaren '14.

Morris: What gave you your inspiration?

McLaren: Wait a minute. --which, unlike many of the winning entries of the period, continued to be popular with the students. Many years later, I had a visit in my office from Bob Sibley, who was then the executive director of the Alumni Association.

[end tape 4, side 1; begin tape 4, side 2]

McLaren: He said that with the increase of radio audiences the problem of protecting university songs had been studied in Washington with the result that under most circumstances their use on the air would mean royalties to the university. He said that the attorneys for the Regents had suggested that all California songs still in use should be protected by attaining releases from the authors. I told him I would be happy to do so. Then he said, "How can I reach Harold Williams?" I said that shortly after World War I, I had heard that he had moved to Santa Barbara. Bob said, "Yes, and we could find no further trace of him after that," and I said, "Neither can I."

Morris: That's curious, isn't it?

McLaren: Yes, it is. So that's for that.

Editor of the Pelican

McLaren: My earliest noneducational activity was as a contributor on a few occasions to the California Pelican in my freshman year. My interest grew, so that in my junior year I was made an assistant editor and chosen by the then-editor as his successor.

Unfortunately, the only other logical choice was one of my close friends whom I had known since primary school days in San Francisco. He decided to contest my appointment and had arrangements made for us to meet with the English Club, which was the owner of the Pelican. The proceeds were divided between the English Club and the editor and manager of the magazine.

At first, the amounts involved were negligible, but as time went on, they became more important.

Morris: Was your friend interested in more money, or did he want the glory of being editor?

McLaren: Both, I'll say both.

Morris: So the two of you went to the English Club to work out this problem?

McLaren: Yes. We were called before the club members separately. When we got through, I said, "How's it going to come out?" His only reply was, "You are going to win, dammit." [Laughter]

The year of my editorship--

Morris: You did win?

McLaren: Yes. He said, "You're going to win, dammit."

Morris: And he was right.

McLaren: You might also say, "And he was right." All right.

Morris: Did you continue to be friends?

McLaren: Oh, sure. The year of my editorship turned out to be a bonanza, largely for two reasons. First, I conceived the idea that it would be a considerable spur to increase sales if we issued a rough number and properly advertised it.

Morris: Tell me what a "rough number" is.

McLaren: At this time, the editor of the Daily Californian was a good friend of mine and inclined to be on the gullible side. So, I told him that we were going to issue a rough number which would be far more spicy than anything before. He said, "Please let me know when I can release an editorial on that subject," which I gladly did. We then issued a large number of handbills in which we accused the Daily California of maligning us, and ending in big letters, "READ THE ROUGH NUMBER OF THE PELICAN AND JUDGE FOR YOURSELVES."

The editorial was something which I was quite pleased with.

Morris: Did you write the article in question? [Mr. McLaren nods] You did.

McLaren: At that time, Robert W. Chambers was a favorite novelist who leaned toward the seamy side. I wrote an article which became more and more suggestive, and finally slanted so that it was quite spicy. The last line of the page--on the facing page was an illustration followed by some completely unrelated material. At that point, the reader realized that some pages must have been torn out because nothing was left but the jagged edge. The reason was that there was never anything else written in the article.

Morris: [Laughter] Very clever, very clever. That must have taken some doing to get that put together with the torn page.

McLaren: Mechanically it was quite a job! The results, the morning we went on sale, were dramatic. On the following day, we even had a first-page article in the San Francisco Chronicle.

Morris: Did you?! What a triumph!

McLaren: Yes. We had taken quite a gamble, because the edition was by far the largest in the history of the magazine.

Morris: You printed extra copies.

McLaren: Oh, yes. At the end of the first day, we were completely sold out.

Morris: Marvelous. What did the San Francisco Chronicle say?

McLaren: "What was on the torn-out page?" [Laughter] However, one mischance occurred. A man telephoned me to say that he had evidence that I was a complete crook because in the copy he had bought there were two or three absolutely blank pages that somebody forgot to tear out. [Laughter]

Morris: There was a story about Max Brand and the Pelican you were going to tell.

McLaren: Yes. Fred Faust was the year behind me and worked with me on the Pelican. He had been a very valuable contributor and was in line to succeed me. But at the end of a short time he was in pretty bad shape mentally and not so good physically. He told me one day that he didn't see how he was going to be able to continue to finance his activities for the next term. So, I asked him a few questions and found out just about what his financial status was--which was very bad. Then without saying anything to him I went to Ken Monteagle's father, Louis Monteagle.

I told him about the situation and I said, "This is a very brilliant man who I think can have a tremendous career if he can straighten out. I said, 'Would you be in a position to help?'"

He said, "How much is required?"

I said, "I think five hundred dollars would do it." And he said, "I'll give you a check right away." And I said, "No, you'd better let me talk a little bit to him first, sort of smooth this thing over." And I did. So the check was duly delivered and it enabled him without any serious financial difficulties to complete the year and take over the Pelican.

In 1920 or '21 I was coming out of a football game at the Polo Grounds. Here in this zigzag ramp below me I saw Fred Faust. By that time he was making tremendous returns on his writing. He was a very very versatile and successful writer, writing under all sorts of pseudonyms.

So I yelled at him and he stopped and we chatted for a minute and I said, "By the way, Fred, do you remember about that financial transaction with Mr. Monteagle?"

"I certainly do," he said. "It was one of the nicest things that ever happened to me."

And I said to him, "Well, it's a long time ago. How about--the amount was five hundred dollars, and how about sending him five hundred dollars with a nice letter?"

He said, "Well, that's a wonderful idea." So when I got home a week or so later, I got a call from Mr. Monteagle to come to his office and he showed me one of the most beautiful letters I've ever read; from Fred. Mr. Monteagle had done this on the basis of an absolute gift, unless at any time Fred wanted to repay it. This was entirely up to him. And back came this letter.

Morris: It really worked out.

McLaren: I shudder to think what would have happened if this thing had not occurred at that moment.

Morris: How fortunate for Fred Faust.

McLaren: For everybody concerned. Mr. Monteagle was just tickled to pieces.

Morris: That's marvelous when somebody can lend a hand to a young person.

McLaren: Now that story has never been written anywhere. There's quite a volume of his poems here with a very interesting foreword about his life. But, of course, there's nothing about that in it at all.

Morris: You mentioned Max Brand. Was that one of his pseudonym?

McLaren: That was the one he used for the Dr. Kildare series. He would write under different pseudonyms for different types of stuff. He'd write serious poetry under one name, he'd write blank verse under another name. He was a perfectly remarkable character. Extremely successful.

Morris: You said that he had a wild career. Did this carry on after he left Cal?

McLaren: He married a girl from the University of California and they separated a number of times. He'd get up to a certain point and then he'd want to cut away from everything. All through his life that went on.

He ended in World War II by being a correspondent in Italy and he was killed in action.

Morris: That's a marvelous footnote to have.

Before we go off to something else: a couple of years ago I was talking with Dr. Robert Cutter who, in his days at Cal, worked on the C Book. He said it was a great help to him in business experience; that he learned a lot about business and management doing this extracurricular student activity, and I wondered if you felt the same way--that you learned some management skills as editor of the Pelican.

McLaren: I'm positive that my work on the Blue and Gold and on the Pelican, and on some other incidental things in connection with getting up programs, and so on was extremely helpful particularly when I wrote my first book in 1929. No question that that phase of it is extremely valuable.

Morris: In some ways as helpful as the academic courses?

McLaren: Oh, I think it's very practical.

Morris: In those days, it sounds as if one could know most of the people on campus--most of the students who were involved in other activities.

McLaren: That's true. You certainly broadened your--obviously, the larger the number of activities in which you were engaged, the more people you got to know. So that when I graduated, I knew personally a very large number of the people in my class and also quite a lot in other classes as well. No doubt about that. Yes, that's true.

Morris: Were most of them from the San Francisco area, that you knew best?

McLaren: I'd say the San Francisco Bay area and the Los Angeles area, those two.

Morris: Who particularly from the Los Angeles area did you become close to?

McLaren: It happened that in the Psi U house at that time there were a substantial number of the sons of prominent Southern California families, so that while I was in college I paid several visits to Los Angeles during which I met other people of my age, so that in later years I had a great many friends there, a number of whom had become quite important people.

Morris: Who particularly of those went back to your Psi U days?

McLaren: One of the most famous names in Los Angeles is O'Melveny. Stuart O'Melveny finished college just when I met him, but he didn't go to Cal. Then his younger brother, Jack, did. In later years he was the senior partner of the largest law firm in Los Angeles. There were two of them. And then there were the Moulton family, very important investment bankers, and Lyman and Maynard McFie, the Brant family--oh, I could go on and on.

Morris: Did you find that Los Angeles was a strange and different place?

McLaren: It was extremely provincial.

Morris: [Laughs] Was there any sign in your student days of the "north versus the south" idea that's come to be talked about in California?

McLaren: Not so much among my friends. In fact, all of them, without exception, always referred to San Francisco as "the city." I think that that very fact is an indication that the real leadership in those days was from San Francisco. It really wasn't until after the fire in 1906 that Los Angeles began to get ideas of expansion and so on. Two or three of the largest companies headquartered in San Francisco moved to Los Angeles after the fire, one of them being the Pacific Mutual Life Insurance Company.

Morris: They felt their risks would be less--?

McLaren: I guess so. [Laughter]

Morris: Let's see. We've talked about the Pelican and the Blue and Gold.

McLaren: I wanted to tell you the other story about the Pelican. In the early months of 1914, I had a telephone call from a man who introduced himself as Frank Kales. He said that I doubtless knew that the Pelican had been founded in 1904 by Earl Anthony, and that he was the associate editor in charge of art work.

Morris: Mr. Kales had been in charge of the art work?

McLaren: Yes--that he, Mr. Kales, was in charge of the art work. He said he'd had a recent conversation with Anthony who wanted to meet with me to discuss the possibilities of an alumni number, which would also be the tenth anniversary number. He indicated they would pretty much like to take over and supply the material, but that they would be perfectly willing to give me veto power if any of their material seemed to be unsuitable.

We arranged a dinner for the following week between the two of them and the Pelican manager and myself.

Morris: Who was your manager?

McLaren: Carl [Clarence '14] Fletcher. After several rounds of beer, the atmosphere became very congenial, and they outlined their proposition. They would be responsible for all the bills, including what they were sure would be a substantial deficit, and they would also reimburse us for the amount that we could be expected to make on a regular issue. We asked them if they would work out a figure based on the average amount we had received for the earlier editions of the school year. We pointed out that this amount would be larger than normal because of the financial success of the rough number. They accepted this proposal immediately.

Earl Anthony had inherited a substantial fortune and, in addition, founded several very profitable business ventures. For example, he had created the first gas stations in America.

Morris: Did he?!

McLaren: Located in the Northwest, and had later sold them and franchises in California to Standard Oil Company of California. When we got down to business, he rented a large suite at the St. Francis Hotel, which was our headquarters.

Morris: He didn't live in the Bay Area at that time.

McLaren: No, no. At that time, he lived in Los Angeles. The first step was the sending of telegrams or putting in telephone calls to California alumni all over the country, and we proceed from there.

Morris: So you worked with them on this?

McLaren: Yes. During this process, I spent a considerable number of nights at the St. Francis. Also, Anthony spent a lot of his time in telephoning prospective advertisers-- [Pause]

Morris: Also old classmates?

McLaren: No, no. --including Standard Oil and a few other groups that he pressured.

Morris: Had he already sold his gas stations to Standard at that point?

McLaren: Oh yes, yes.

Morris: Ten years out of college?

McLaren: Oh yes, yes.

Morris: He was really a whiz-bang.

McLaren: He had the Packard agency in San Francisco and Los Angeles--

Morris: I thought that name sounded familiar, yes.

McLaren: --so he engaged an artist to do a picture of a Packard with a most voluptuous lady sitting in the rear of it. The only text in the ad, and without any reference to Packard, was one line at the foot of the page reading, "Ask the man who owns one."\*

Morris: Oh my.

McLaren: The results of the venture were all that could be hoped for. I have no idea whether we lost or made money, but in any event, the issue was reviewed somewhere in the East by a well-known writer, with the conclusion that it was the finest humorous publication for the month in the whole country.

Morris: Did that tradition of an alumni issue carry on?

McLaren: I think that ten years later they got one out--creditable, but you just couldn't compare the two at all.

Morris: That's remarkable, when somebody can just come to town, rent a hotel room, and go to work on something like that.

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\* Packard advertising slogan for many years.



McLaren: Many years later, Anthony presented to the University of California, Berkeley campus, the Pelican Building. Did you ever hear of that?

Morris: Yes. It's still on campus. It's a lovely building. I was going to ask if you had worked in that, but it wasn't there yet. Did you have a hand in seeing to it that the Pelican had its own building?

McLaren: No, nothing whatsoever.

Morris: As a result of your tussle with the English Club over who was going to be editor, did you have any interest in the Pelican becoming separate from the English Club?

McLaren: Oh, no. No, that happened after I left. The authorities over there didn't realize this money was slipping through their fingers. The English Club didn't really have any squatters' rights on the thing. There was a tussle that went on for several years, and finally they had to give in and just turn the thing over to the University. At that point, I think, there was a small salary that was paid the president.

Morris: Yes, because there's a lot of work involved.

McLaren: Oh sure.

Morris: Then, not too long ago--in the last ten years or so--wasn't there some to-do and the Pelican ceased publication for a while?

McLaren: I believe there was, but I didn't attempt to follow that. In later years, I renewed my friendship with Earl Anthony, particularly after summer encampments with the Bohemian Club. (I think I might just wind it up right there.)

Morris: That's a good place, yes. Mr. Anthony was a member of the Bohemian Club, then.

McLaren: Yes.

Morris: So when you joined the Bohemian Club, you found old friends there.

McLaren: That's right.

Morris: One other thing I haven't heard is sports. Did you have any contact with the athletes, and were you a supporter of the teams and that sort of thing?

McLaren: I was on the Rally Committee, and I'd been on the tennis team and the basketball team and the baseball team in prep school. I tried

McLaren: out, but I just wasn't in that class. I used to play some tennis over there, but never really got anywhere competitively.

Then, going back, the other venture, speaking of writing. I'm not sure what the situation is today, but they had a Junior Farce every year, and with that was a Curtain Raiser, which is supposed to be actually a farce, and the play itself is a light type of play. So, one of my classmates, Kenneth Perkins, and I wrote the Curtain Raiser that went with the Junior Farce. The Junior Farce was written by Clotilde Grunsky. (And I never can remember her last name. She and Bob Koshland are the ones who write the student notes for the Alumni Monthly, and you can get her last name from that. [Mrs. Charles V. Taylor]) She wrote the Junior Farce that year, in competition with this Lawrence Levy, who was my rival in the Pelican, and also curtailed--every year we had a female issue, so I appointed her the female editor.

Morris: Every now and then you did an issue just written by women? Or about women?

McLaren: This whole thing was written by women!

Morris: That's good to know. Did the women ask for it, or did you fellows decide it was a good thing?

McLaren: Well, it was entirely up to us whether we'd have such a number or not. They've done it several times; I don't know for how many years it went back. Clotilde wrote two-thirds of the number herself, and illustrated some of it too. She was extremely talented. She's one of the few left at our class reunions. I have some interesting material we can go into some other time about our class reunions.

Morris: Good. I'll make a note of that. It sounds like writing and putting on entertainments was a big thing for students in your day.

McLaren: Yes, that's right.

#### Student Government

Morris: How about political activity? Were there people who were writing political speeches and leaflets and things like that?

McLaren: You mean off-campus stuff? That is, in connection with politics?

Morris: Yes--was there student activity in politics?

McLaren: Oh, in politics. That was a very, very active sport when I was in college. In fact, in our senior year, a man had worked for four years so that he'd be the president of the class in the last year, and that would mean, then, automatically he would be the class president for the rest of his life. Some of us didn't like that at all, and so we started a campaign and we just beat this guy to a frazzle. [Laughs]

There was always a certain amount. One of your friends would be running for something, and you'd give him a leg-up if you could. But I never ran for office over there. But that was a very active base. For instance, Bob Sproul was very active; he was in the class of '13, and he was very active in that.

Morris: How about the man who later became governor?

McLaren: Earl Warren?

Morris: Yes--did he show any signs of political skill as a student?

McLaren: Earl Warren was very successful as a student politician. I forget what offices he held. But in any event, when he graduated, he got into a lawyer's office in Oakland and, very soon after getting through law school, he became assistant district attorney of Alameda County. In those days, he was quite conservative in his political views. He liked to go to beer parties and that sort of thing. But gradually he changed over, and then of course he became attorney general. Then he became governor. The more his career proceeded, the more liberal--in what I consider an unfortunate sense of the word--he became, until finally he was extremely far over to the left.

I was talking to one of his closest friends, a classmate of his. He said, "Well, there's one explanation for the way that Earl changed, and that is that he has never in his life bought his own automobile. When he became assistant district attorney, he had a growing family and he was supplied with a little Ford. Then as he got to his more important offices, he got bigger cars. He ended up as chief justice of the Supreme Court with all the cars he needed. This is just an indication of how he was in blinders all the time." He didn't have the ability to see both sides in this, and the older he got, the more extreme he became in supporting the downtrodden and being opposed to the rich. Very curious. Very curious.

Morris: You think if he had, say, gone into a firm and stayed in corporate law or something like that, and not gone into government, he would have been a different person?

- McLaren: He would have been an entirely different man with entirely different principles. I don't think there's the slightest doubt about it. And he's a very nice, likeable guy. I mean, he's fine company. His camp at the Grove--there are people who are very conservative people, and they're fond of him. He's good company. But when it comes to dealing with the bigger problems, he's had a warped point of view for a long, long time.
- Morris: When he was an undergraduate, he was a member of a group called UNX. I wondered if you knew anything about that. It's a social group that hasn't really survived in the records much.
- McLaren: They had fraternities and they had clubs. I remember it vaguely as being quite unimportant on the campus.
- Morris: Then the fraternities were an important part of how things got decided in campus life?
- McLaren: Oh, extremely important, extremely important.
- Morris: How about student government itself? What kind of a role did that have?
- McLaren: Student government, the key to student government was the Student Affairs Committee. My roommate in my senior year, Ken Blanchard, was the head of the Student Affairs Committee. In fact, as a little side, when we got out this rough number, I showed him everything in it and cleared it with him. [Laughs]
- Morris: Just to be on the safe side.
- McLaren: To be on the safe side. It was the honor system. Of course, there are bound to be exceptions in a big university, but I think, on the whole, the honor system worked very well. I've no idea what they do now.
- Morris: In later years, student government was a kind of focus for challenges to the administration about when and where students could have different kinds of speakers, and then later having a say in what kind of curriculum there'd be.
- McLaren: That's right. Well, we had nothing, of course, in my days. Nothing at all along those lines. Oh, I think there'd be one radical who'd be partially demented and do some damage, but it was nothing like the way it was later.
- Morris: Okay. I think maybe that would be a good place to stop for today.  
[end tape 4, side 2]

Lifelong Friends and Alumni Reunions

[Date of Interview: June 10, 1977]

[begin tape 5, side 1]

McLaren: What was the very last thing that was said last time?

Morris: You were telling about student government. There were people who were friends of yours at the University who became lifelong friends too.

McLaren: Wouldn't it be better to go on now with the friends and then bring the faculty in later?

Morris: Let's continue with lifelong friends.

McLaren: Did you find the 1915 Blue and Gold at all?

Morris: I didn't have a chance to get down to the archives.

McLaren: I was on a lot of committees that weren't very significant. They'll probably be listed there. But I think the things of any real significance I can remember.

Morris: We've talked about those, yes.

McLaren: [Pause] My undergraduate days and later life confirmed my decision in school days to attend the University of California rather than Yale or some other eastern college. Getting to know many classmates, members of other classes, and the faculty, was accelerated because of the variety of my extracurricular activities. These friendships were, of course, the closest in my fraternity. But also were augmented because I got around quite a lot. The result was a considerable number of lifelong friendships. Regrettably most of these friends are not still alive. But I would like to mention a few. In addition to Ken Monteagle, my roommate in the last part of my undergraduate days was Kenneth Blanchard, who had an outstanding career. In my senior year he was chairman of the Student Affairs Committee and acted in several advisory capacities, and he was the top officer of the Order of the Golden Bear. Unfortunately he was killed in the First World War.

Morris: Golden Bear is the special honorary society?

McLaren: The top form. That's the senior honorary society.

Morris: Only members of the senior class?

- McLaren: Yes. They have two elections a year. I wasn't elected until the second election, so I missed part of it, but in those days it was predominant--that was the greatest honor that a senior could have, to be elected to the Golden Bear.
- Morris: Once elected, what kind of activities did Golden Bear--
- McLaren: I guess they still call them secret societies. A great change occurred just a few years ago when women were admitted for the first time.
- Morris: I was going to ask you about that.
- McLaren: Yes [laughs]. Another fraternity brother was Roland Foerster, who later became top partner of one of the largest law firms in San Francisco.
- Morris: As an undergraduate did you take him for a prospective lawyer? Did you think he'd make a good lawyer?
- McLaren: Oh yes. His father--they wanted family for the firm, so he was all set for that. Until his death, about ten years ago, he and I were very active in arranging class reunions. In fact, we were the co-founders of the Deficit Committee which made it possible to assess the individual members a reasonable amount--particularly during Prohibition days when liquirds were quite expensive.
- Morris: You and Roland Foerster underwrote all these parties?
- McLaren: No, we would figure out what would be an assessment which would be low enough so that people who might not be able to afford much could still attend. And then we would make up the difference. We'd call on a few other people, but we'd sort of handle that end of it, and it worked very well.
- Morris: Was it you and Roland who were familiar with how you acquired the liquids during Prohibition?
- McLaren: I think practically everybody that made enquiry could find out very soon. Oh, yes, we were able to deal with respectable bootleggers with no trouble.
- Morris: A respectable bootlegger?
- McLaren: Oh, yes. Some of the bootleggers were very respectable in those days. In fact, we had one who used to come to my office--I liked to keep him waiting outside because he looked so much more distinguished than most of our clients. [Laughter] People will understand this I'm quite sure.

Morris: Not those of us who were not privileged to live during that era. Did you and Roland organize parties on campus while you were still students?

McLaren: In college?

Morris: Yes.

McLaren: No, no.

Morris: But you both felt it was important for the class to have alumni reunions?

McLaren: Yes, that's right. Another feature of our class reunions was that it was not until our sixtieth reunion that we relied on any outsiders for entertainment purposes. We had a considerable number of talented writers, musicians, and speakers, and with the exception of one or two gifts--no, no, we put on our own show. Other classmates who attained suitable prominence after graduation, were deWitt [Roy D.] Wallace, and Howard Fleming. The former and his wife Lilla were the founders of, and continue to be the principal owners of, the Readers' Digest.

Morris: I thought that name sounded familiar. I didn't realize that he came from California.

McLaren: That's right.

Morris: Was he one of the talented writers in the class? Was he already showing an interest in publications?

McLaren: No. Over the years he continued to be an intimate friend.

Morris: I wonder if you might have ever talked with him about how he developed the idea of finding people to write articles on subjects he thought of interest, and then condensing it--that's a very interesting approach.

McLaren: Yes. We have visited them on several occasions, at their home at Pleasantville. Howard Fleming was a captain of the football team. He became a brain surgeon with a national reputation. But in later years was forced to retire because of physical difficulties. He has continued to be an intimate friend.

Morris: Do you think your reunions, entertainments you put on helped to keep these friendships going?

McLaren: No question about it. No question about it.

Morris: Was Lilla Wallace also a classmate?

McLaren: No, she didn't go to California. She lived in Portland, Oregon.

Morris: You haven't mentioned any of the young women in your class.

McLaren: No, I thought I would come to that a little bit later. However, another intimate friend who has been active in alumni gatherings is Don McLaughlin, president of our class.

Morris: Is that a permanent job?

McLaren: Yes. You're elected in your senior year. What happened in our class was, the president of the class was a man named John Schoolcraft who moved away after graduation, and was engaged in writing in New York, and who never was extremely successful financially. As a result, he was practically never at class reunions. So I was asked to be the chairman of these reunions during that period. When he died, a number of years ago, we discussed the whole matter, and the reason that Don McLaughlin was chosen was that he'd been Regent of the University for a long time, and had had quite a distinguished academic career, and also business career. He was head of the Homestake Mining Company, among other big companies, so that from the standpoint of association with the University was undoubtedly the top person among our class. So, that's why we made him the permanent chairman. So I've gone on working with him on reunions and on the committee.

Morris: The president's job is largely ceremonial, and it's nice to have somebody of distinction?

McLaren: Yes, that's the idea.

Morris: Why didn't you fellows all draw straws--you had a number of very distinguished members in that class. [Laughter] Was Mr. McLaughlin an engineering student, and a mining student?

McLaren: Yes.

Morris: His direction was already--

McLaren: In fact, at one time he was the dean of the College of Engineering on the University campus. He was quite a person.

Morris: You don't normally think of an engineer, particularly somebody who is out in the field mining so much, as liking parties and sociability.



McLaren: He's a very social individual. Of course, he had activities all over the world during his career--really has tremendous accomplishments.

Others whose friendship goes back to college days, if not earlier, are Marshall Madison, who died a few months ago, and George Montgomery. Marshall was a member of my fraternity--

Morris: Would he be a Pillsbury Madison and Sutro Madison?

McLaren: Yes. After graduation entered his father's firm--Pillsbury Madison and Sutro. He had an active and constructive career as an attorney, and a leader in a substantial number of educational and charitable organizations. George Montgomery was also active in civic and charitable organizations.

Morris: Is this something that you gentlemen learned from your parents, or your school professors? You all seem to have put a lot of time into civic endeavors and charitable--

McLaren: Most people have to. He rose to the presidency of Kern County Land Company.

Morris: He was not a member of the family?

McLaren: No. He rose to the presidency of the Kern County Land Company which, until its merger with a large eastern company, was the owner of a tremendous acreage in the Bakersfield area and which derived its principal income from extremely valuable oil fields.

Morris: Was he an oil man?

McLaren: No, no, he wasn't an oil man. Just a good businessman.

Morris: How did he happen to go with Kern County Land?

McLaren: An older man was about to be retired, and they started looking for a new man, and brought him in. And when the other man retired, he satisfied every requirement, so he earned it.

Morris: Was he from that part of California?

McLaren: No, he was a San Franciscan. [Pause] Others with whom I have continued earlier intimacy especially in alumni activities, are Harold Nachtrieb, Pete [Edward] Bangs, Clarence Livingston, and Bob Koshland, our class secretary. This brings us to the ladies.

Morris: One question about these last gentlemen. Were any of them fraternity brothers?

McLaren: No, none of them were.

Morris: You knew them through other activities.

### The Disputers

Morris: You haven't mentioned Robert Gordon Sproul, is he in a category all by himself?

McLaren: All right. I should also mention Robert Gordon Sproul. He was quite active in campus affairs as well as in athletics. I cannot say that he was an intimate friend in those days, but I did know him reasonably well. I had no idea there was any possibility that he eventually would become a college president [laughs]. He just didn't seem to be the type. Later, we became close friends as we were fellow members of an informal organization known as the Disputers.

Morris: I've heard about that; and what did you dispute about?

McLaren: This organization was founded by a small group including Sproul's brother Allan in New York and consisted of expatriated Californians. The main purpose of the organization was to gather at luncheon every few weeks, and after discussing the affairs of the world, to make bets on forthcoming events. [Laughs] The betting unit was always one dollar. The official secretary, and bookkeeper, was Allan Sproul who at that time was president of the Federal Reserve Bank of New York.

Morris: That's a good solid person to hold the bets.

McLaren: As to choice of betting subjects, no holds were barred. In fact, one bet which was made frequently over the years, was the offer of someone to bet that a year from that date the world would be in a hell of a mess. [Laughs] That was finally ruled out because nobody could decide for what period in the past the mess had existed, and how long it would continue.

Morris: I thought you were going to say there would be no takers for that.

McLaren: No, no. It just couldn't be determined. But for a considerable period, while the organization was maintained in New York, I was lucky enough to be an honorary member. In fact, I think the only other one was Bob Sproul. But eventually--

Morris: Did you and President Sproul travel to New York often enough to get in on these lunches?

McLaren: Oh, yes. You see, they had them every few weeks, and he had to do a lot of traveling, too, for the University.

Morris: Did it eventually move back here?

McLaren: That's the whole point, yes. Eventually several of the members, including Allan, John L. Simpson, and one or two others, returned to San Francisco. In the meantime, the New York group had been reduced to perhaps three or four. So we have continued the organization here. However, the average age has gone to an alarming figure and there have been a number of deaths in the group.

[end tape 5, side 1; begin tape 5, side 2]

McLaren: Another reason is that there are so many organizations in San Francisco.

Morris: You never took any additional members in?

McLaren: Yes, we have. We brought in a number of congenial friends, including Ken Monteagle and Marshall Madison, Wallace Sterling, Nelson Hackett, and Morris Doyle.

Morris: Were your disputes on the outcome of your bets?

McLaren: The whole idea is in disputing the good judgment of the other man when he makes it. The two people that make the bets are the disputers--one on one side, and one on the other.

Morris: Fine. That's what I wanted to make sure.

McLaren: This brought us to a total of ten or eleven, all of whom were well along in years. Afterwards we tried the experiment of inviting a younger man. With the thought that he would be the nucleus of several other people who later on might keep the organization going. The man we chose, Parmer Fuller III, has been a very congenial member. But we haven't been able to find anyone else since to add to this age group.

Morris: Of his generation. He hasn't any suggestions?

McLaren: No. Subsequently the decision was sadly made--quite recently--that instead of ending up as a last survivors club it would be prudent to disband at the end of this year. Quite an interesting story isn't it [laughs].

Morris: It certainly is the way it started out in New York and came back here. I like the basics of it. Have the things you bet on changed over the years?

McLaren: Well naturally, especially since we have both Los Angeles and San Francisco men in the group, there are lots of bets on athletic events with emphasis on the Big Game. But the range has been politics, with emphasis on elections, and weather conditions--

Morris: The stock market?

McLaren: That's the last. And almost anything where there may be differences of opinion. But, most important of all, the stock market. At the conclusion of every meeting the date is set for the next meeting, and then all the members write down on a slip of paper their guesses as to what the Dow Jones average will be at the close, closing session the afternoon before the scheduled meeting. Everybody puts a dollar in the pool, which goes to the winner. That's been invariable.

Morris: That happens every meeting?

McLaren: Oh, every meeting, that's standard. That happens at every meeting.

Morris: Who's had the best record over the years of picking where the Dow Jones was moving?

McLaren: Oh, it's varied so. I think some man won two in a row, but that's most unusual.

#### Women Students of Note

Morris: Okay, now shall we join the ladies?

McLaren: All right. I had the pleasure of meeting a number of very attractive classmates, including my first wife. Her name was Marguerite Amoss.

Morris: Was she in some of your classes?

McLaren: No. I met her at a class dance. I may mention that my second wife was Elizabeth Page of the class of 1915, and my third wife Mary Stillman of the class of 1916. And that all three of them were college friends.

Morris: Were they?

McLaren: Isn't that quite remarkable? [Laughs]

Morris: That is interesting. Were they in the same sorority by chance?

McLaren: No, one was a Kappa and the other two were Thetas. I should add that all of them were considered to be belles of their class, and I had the pleasure of meeting all three of them at dances, fraternity parties, and the like. That's really quite a coincidence all right.

Morris: I should say so. I'm impressed that you found time for your studies with parties and dances and the Pelican and the song writing.

McLaren: Later on, I'm going to tell you a story that illustrates that.

Morris: Okay.

McLaren: Another classmate was Clotilde Grunsky Taylor. She and I had been in the first grade of primary school together and entered Berkeley at the same time. She was co-medalist of our class and a member of Phi Beta Kappa. She was a brilliant writer with a keen sense of humor so that when it came time to select my editor for a women's number of the Pelican in my senior year, I chose her without hesitation. And she did a very fine job.

Morris: Did the two of you ever write anything together?

McLaren: No, no.

Morris: Did you spur each other on to greater effort?

McLaren: I don't know. She was brilliant, and she was very quick, but she didn't have many boyfriends for some reason. I don't know what it was, she was practically never invited to dances or that sort of thing.

Morris: Some people say that women who are too bright and quick turn off the men.

McLaren: That might have something to do with it.

Morris: Did she use her talent and do any professional writing after she graduated?

McLaren: No, I don't think so. In fact, I don't know what she did during all that period except that after graduation she and her--she became one of the leaders in arranging for her class reunions. Others who I knew in undergraduate days were Marilee Taylor--

Morris: Was she a relation of Clotilde Taylor?

McLaren: No. Clotilde married a talented classmate, Charles Taylor. He was a fine accordion player, and she was an excellent dancer. So that at practically all our reunions they both appeared. At several reunions her costume consisted of a grass skirt.

Morris: I say there.

McLaren: Because she was a most accomplished hula dancer.

Another classmate was Grace Bird who in later years distinguished herself in higher education. She's the one you're doing an oral history of right now, too.

Morris: Yes.

McLaren: On several occasions she has made interesting and amusing contributions to our class parties. Haven't we spoken enough on this?

Morris: I have one final question. Did many of you marry classmates?

McLaren: Quite a number. There are two that I just mentioned. Clotilde Taylor and my first wife. And Lawrence Livingston who was married to Hilda Brandenstein--they were classmates. There were quite a lot of people who married classmates.

Morris: That means that you were getting married quite young, in your early twenties.

McLaren: Oh, yes.

Morris: And that was considered an acceptable thing by your parents?

McLaren: Oh, sure. Oh, yes.

#### Faculty

Morris: Should we talk a little bit then about professors who made an impression on you.

McLaren: All right.

Morris: The Psi U faculty members were Thomas Rutherford Bacon, Frederick Thomas Blanchard, Edward Clapp, Albert Chandler, Bernard Etcheverry, Richard Harvey, Charles Mills Gayley, Leon Richardson, Thomas Stanford, Chauncey Wells, Martin Flaherty, Edward Wickson, and Rudolph Cheval. That's quite a number.

McLaren: It was really quite remarkable.

Morris: Eleven of them. Did they live in the fraternity house with you?

McLaren: No, none of them did. When I became a Psi U, I was astonished to find how many members of the faculty belonged to our fraternity. Actually, there were eleven, including a number of distinguished educators. For many years my family and the Charles Mills Gayleys had been close friends. Soon I became one of the fortunate few who were invited from time to time to Professor Gayley's Sunday suppers.

Morris: Were they famous for the food or for the conversation?

McLaren: Conversation. They always included a few professors and students together with the entire Gayley family; no, no, together with Mary who was the oldest daughter. Before and after an unelaborate meal, Mr. Gayley had great delight in stimulating the conversation, principally about current and world events, and without extensive remarks on his own part, egging on two or more participants when they disagreed about anything. He was a past master at that and he got the biggest kick out of that in the world.

Morris: He wanted you to try your wings in disputation.

McLaren: Those meetings were among my cherished memories, as they also gave me the opportunity to become well acquainted with talented undergraduates and brilliant professors. As I had elected English as my major, I attended Mr. Gayley's courses throughout my college days. And most famous of these was his Great Books.

Morris: Was that a popular course?

McLaren: Tremendously. It was probably the most popular course at that time.

In the last term of my senior year, I was chosen as a delegate for the annual fraternity convention which was held during the final examination period. I explained the conflict to Mr. Gayley, and he excused me and said, "All right. Do something original."

I asked if it should be directly connected to the course, and he said, "No, just good English." So I wrote a rather long poem in blank verse entitled "Jonah and the Whale."

Morris: Good heavens.

McLaren: When I returned later, I found that he had marked up my effort every ten lines or so, indicating approval or considerable disapproval. [Laughs] I'll never forget that. I wish I had saved that.

Morris: I should think so. That would be a treasure, wouldn't it?

McLaren: Wouldn't that.

Morris: That's quite a final exam.

McLaren: Oh, yes. Another professor of English, whom I first met through Professor Gayley, was Walter Morris Hart, whose Shakespeare class I attended in my last semester. This also presented a conflict in engagements because of the fraternity convention. So, I explained it to him as well. He invited me to his house and gave me a fine cigar, and then asked me a few questions. Fortunately, I knew the answer to practically all of them. Anyway, between the two of them I had almost enough units to graduate.

Morris: So you weren't there for your own graduation?

McLaren: Wait a minute. I had enough units to graduate as I had attended summer school the previous year to accumulate enough credits to qualify.

Another Psi U professor was Leon J. Richardson who at that time was the head of the Latin Department. He was a delightful man whose hobby was golf. He kept a diary in which he jotted down all his golf games with a few highlights of each one. He was most meticulous in his speech. One day at the Claremont Country Club when his son was a senior at the University and who he'd take down to the club for a few holes of golf several times a week, he was waiting to start when the club pro came along. The pro asked him how his son was getting along in learning golf, and his reply which I heard was, "Mr. Longworth, my son John impels a golf ball prodigious distances regardless of its ultimate destination."

Another fine old professor was Edward B. Clapp, who headed the Greek Department. As I had liked Greek in prep school, I took courses with Professor Clapp during my first two college years and enjoyed them thoroughly.

Morris: There would be quite a few students studying Greek in those days?

McLaren: Very few. It was surprising that even as early as these times, fewer and fewer students were taking Latin and Greek. The trend being toward--what is it that they call it--toward practical education in the trades and the like.

Morris: Did you have a go at science classes or mathematics?

McLaren: I attended a very limited number--in fact the minimum required--in both science and mathematics, and I did not enjoy them particularly. One reason for my shying away from mathematics was because I had decided by this time that I did not want to be a CPA. Now, where are we?

Morris: Does that cover pretty well the professors that really impressed you.

McLaren: I think so. See you next week.

[end tape 5, side 2]



## V BECOMING ESTABLISHED IN THE BUSINESS WORLD

[Date of Interview: June 23, 1977]

[begin tape 6, side 1]

World War I and Marriage

- Morris: What I wanted to ask you next is, you graduated in 1914, just before World War I opened up in Europe.
- McLaren: That's right.
- Morris: I wondered if World War I had any particular effect on your plans or hopes, or what you then did with your life.
- McLaren: World War I commenced shortly after our graduation in 1914. It had few direct effects upon the members of our class although it became apparent that the United States might become involved at a later date. Very shortly after the outbreak of the war the American ambulance corps was organized and one of the first young people to enlist was my brother, Dick. The next impact, as far as I was concerned, was when the first British loan was distributed by an extremely strong syndicate of investment bankers headed by J.P. Morgan & Co. At that time I was employed by P.H. Roberts & Sons, a long established firm of investment bankers.
- Morris: Would your firm then have participated in this loan to Great Britain?
- McLaren: Yes, headquartered in Boston. All the officers of the firm, together with many others, assisted in explaining the mechanism of the loans to the public in general.
- Morris: This was a loan that the public could participate in and buy?
- McLaren: The task was not easy because in these days only a very small percentage of the investing public were familiar with the nature of government municipal or corporation bonds. After the flotation of this loan, business returned to a more or less normal state and I got on well with my work.

McLaren: I soon learned that one of the essential requirements to succeed in the bond business was a knowledge of corporate accounting. Consequently, I entered an evening course at the University of California and soon became familiar with balance sheets and such other factors unknown to me until that time as the meaning of depreciation.

Morris: So even though your father had been in the accounting profession for a long time you really hadn't talked to him about accounting per se.

McLaren: That's right.

Morris: That's interesting.

McLaren: By the early part of 1916 my advancement was such-- [Tape turned off briefly to discuss what Mr. McLaren wishes to say.]

My fiance and I decided that we could afford to get married.

Morris: Had you been engaged since you left the University.

McLaren: We had been engaged since our senior year at Berkeley.

Morris: Did you and your father discuss at all when it would be suitable for you to get married, or what kinds of expectations--?

McLaren: No, no, it was my deal entirely.

Morris: You had your own schedule in your head of what your financial picture ought to be before you could get married?

McLaren: Oh, yes. What did I say about the date of the marriage?

Morris: January 15, 1916.

McLaren: All right. Our first son was born in January, 1917. By this time most of my friends had entered the service and I became more uncomfortable as time went on.

Morris: Did you have to register for military draft?

McLaren: Oh, yes. My circumstances were such that the draft board deferred draft action.

Morris: They did call you up to talk to you?

McLaren: Yes.

Morris: Were you acquainted with any of that draft board?

McLaren: There were three or four--I think one of them I knew. Well, they just asked me about my finances, and I told them exactly what the finances were. Other pertinent questions and then they finally said, "Under our instructions you're not required at the present time."

#### Unexpected Entry into Accounting

McLaren: Then there occurred the tragic accident which completely changed my life. I have mentioned elsewhere that my father was severely injured in an elevator accident in San Francisco in 1914. The effects of this injury lasted during his entire life. But in 1917 he and my mother were in Australia on a recuperative trip.

Mr. Goode who was the only other partner in the firm and his two brothers owned substantial orchard property near Fresno. He had spent a weekend with them and they drove him to Fresno to catch a train to San Francisco. On the way back to the ranch their car was hit by the engine of a train, and both of them were instantly killed. The following day I called on Mr. Goode, and he said immediately, "I have an important decision to make which affects you and your family. I've decided that the only logical solution is for me to retire from accounting and dissolve the firm and devote substantial time to my family's finances unless you can come in immediately and make a career of accounting."

Morris: He had no sons himself?

McLaren: No. Mr. Goode had never been married.

Morris: Were you acquainted with him?

McLaren: Very intimately, a very close relationship.

Morris: He was a friend of your parents as well as a partner of your father.

McLaren: After a very brief discussion I said to him I could see little point discussing the matter with anybody else because after all it had to be my decision, so that I would sever my existing connections and start in on a regular basis within a few days.

Morris: Good for you.

McLaren: The whole thing was so sudden.

Morris: Had Mr. Goode contacted your father in Australia?

- McLaren: No. My father was really--at that time I mean--in no condition really to make a decision.
- Morris: He hadn't really been in the business at all then since his accident.
- McLaren: Yes.
- Morris: What went into your decision, do you remember? What were your own expectations at that point?
- McLaren: I don't think that's too significant. I felt it was the right thing to do, putting it very broadly, and why go any further.
- Morris: The right thing to do for your father and Mr. Goode?
- McLaren: For everybody: for Mr. Goode, for my own family and eventually for everybody.
- Morris: Would there be more opportunities in that firm than with the investment banking?
- McLaren: Obviously in coming in on that basis, if I were industrious and showed any ability I would advance more rapidly than in being in a big investment banking firm.
- Morris: You said that the investment banking firm was headquartered in Boston. Does that mean that your superiors were primarily eastern people?
- McLaren: No, they were primarily western people.

#### Income Tax Practice

- McLaren: As soon as I knew my way around in the office I realized that an unusual opportunity was presented entirely aside from the audit work performed by CPAs. This had to do with the representation of clients in income tax work, including the preparation of returns and acting for clients in disputes with the Internal Revenue Bureau.
- Morris: This was when the Internal Revenue Bill had just been passed, wasn't it?
- McLaren: Oh, no, that was back in 1913. Since you raised the question, let's put this in. There was no federal income tax law until 1913, and the rates were insignificant until 1916. However, during the war

McLaren: period there had been an enormous increase in tax rates both for individuals and corporations. Accordingly, I got my hands on everything I could find on the subject of federal taxation. Incidentally, one of the helpful features was that I became used to waking up at the same time as my infant son and reading the latest Washington reports in bed before getting up.

Morris: I see, that's nice. [Laughter]

McLaren: You see, there was nothing to bother me at all, and I could concentrate on my reading. The house was quiet and it really worked out very well.

Morris: Would you tend to your infant son and see to it that he--

McLaren: No, no, that was my wife's job. [Laughs]

Morris: What appealed to you particularly about the income tax field?

McLaren: In that respect I suppose that my interest in income taxes was attributable in part to the fact that in my early days of education I had looked forward to becoming a lawyer and in fact had taken several law courses in college. Also, income tax practice before the Internal Revenue Bureau involved the preparation of what amounted to legal briefs where a command of English was extremely useful. All right, where does that bring us?

Morris: I wonder could you tell me a little bit about how the office operated, how many people there would be in an office like that, and how Mr. Goode went about making you an accountant?

McLaren: While all this was going on I realized that I would not get very far until I had passed my CPA examination.

[end tape 6, side 1; begin tape 6, side 2]

McLaren: So I took a university extension course in accounting and was also coached by one of our office staff.

Morris: Who would that have been?

McLaren: Who was a CPA. Six months later--here's where we have to check up on when I got my CPA certificate.

Morris: Oh, I came across an account of that this morning--in 1920, you got your CPA certificate.

McLaren: All right, it wasn't six months later, it was longer than that. I guess we'd better put that in right here. In 1920 at my first try, I passed the CPA examination.

- Morris: What interested me in the account I read was that in 1920, you took the exam by invitation only.
- McLaren: No, no. That was about the California Society of Certified Public Accountants.
- Morris: I beg your pardon. Were there many people taking the exam in those days?
- McLaren: Very few. And I was immediately made a partner of the firm. Did you come across anywhere the fact that the men that we had were mostly English and Scotch?
- Morris: No, but I did want to ask you about that.
- McLaren: Our staff consisted primarily of English and Scotch who had their training abroad.
- Morris: How did their approach to accounting differ then from American practices?
- McLaren: Very few of them had any desire to become CPAs. They were perfectly satisfied to pursue their activities with the assurance of a living wage.
- Morris: They weren't very ambitious then in general?
- McLaren: No.
- Morris: Did they come here already trained as accountants?
- McLaren: Yes. When I came in, the staff consisted of about fifteen accountants, including a few youngsters, of whom several eventually became CPAs.
- Morris: In other words, there was a sort of apprentice system.
- McLaren: That's right. This followed the apprentice system which has been invoked a long time in the British isles. Incidentally, practically none of the old timers wanted to be bothered with income tax problems.
- Morris: I was going to ask about that.
- McLaren: [Laughs]
- Morris: Did they continue to be British citizens?
- McLaren: No. They became Americans.
- Morris: I was interested in reading the literature that Scotland seems to be the home, historically, of accounting as a specialty.

McLaren: Yes.

Morris: I wondered if you or your father had ever inquired as to why that was so. Or if your father had gotten involved in accounting because of his Scottish heritage.

McLaren: One reason why my father founded our firm in 1895 was because he had letters to San Francisco businessmen from one of his classmates who later became the head of a leading London firm.

Morris: Had your father learned accounting in England? Or Scotland?

McLaren: He had never practiced as an accountant. The net result of all of the above was that our practice grew rapidly and soon the revenue from income tax work, which naturally commanded higher fees than audit work, became the major factor in our profits.

Morris: Why would income tax work command higher fees than auditing?

McLaren: Obviously this was so because most auditing work was of a comparatively routine nature, where the time devoted to an engagement was the sole measure of the fee, whereas in the tax cases one of the criteria was the dollar value of services to clients.

Morris: In terms of the eventual overall taxes they would pay?

McLaren: This differential was well expressed in the practice of lawyers where in many classes of legal work the determination of fees is on the "quantum merit" basis. In other words, how much were the services worth to the client? I think it is just as well for us to get this in.

Morris: I do too. Explain that a little more. It's an interesting theory.

McLaren: That's enough. That covers it, I think.

Morris: Okay.

#### Professional Societies and Community Activities

McLaren: After my admission to the firm I immediately became interested in affairs of the California Society of Certified Public Accountants, and the American Institute of Accountants.

Morris: What were the differences between the two organizations?

McLaren: Membership in the former required the holding of a California CPA certificate, and the latter the passage of an examination conducted twice a year on a uniform basis throughout the country.

Morris: Now is the time to ask my question. At that time the California society membership was also by invitation only?

McLaren: Yes.

Morris: There's a reference to it in some notes that you wrote for somebody doing a book of history of accounting.

McLaren: Yes. Have you got that with you?

Morris: Yes. This is a letter you wrote to Edward Lawson. It says, "The period following my..."

McLaren: Can't we write this in right at this point?

Morris: Yes, we'll put it in the appendix. [Which see] I would like to know a little more about the letter. Your comment was that at that time in addition to the possession of a CPA certificate, the primary criteria for membership were the moral and ethical standards of the applicant. And in this era, many CPAs were denied election solely on ethical grounds.

McLaren: That's right.

Morris: What did the Society considered suitable moral and ethical standards for a member?

McLaren: That was determined by the board of directors. In other words, when an applicant who already had a CPA certificate--that was the first requirement. Then they would ask him for references, and they'd check out these references. In many cases the basis for turning a man down was that he just simply didn't have the reputation of ethical and in some cases strictly honest conduct.

Morris: I see. There were cases then where there were some questions of conduct of his accounting business?

McLaren: Yes. Sure. Remember, too, and this will clear up something where there might be a doubt in your mind, when the CPA law was passed which was, I think, in 1901, the only way they could get it started was for all the people that applied were practically blanketed in. Nobody could afford to take the time, I mean, it would have taken the time of a large staff, oh, for a year or two to really get down to cases. And so a great many members--not a great many because



- McLaren: there weren't so many all together, but for a high percentage of the people who wanted to join the CPA society--the only thing you could really rely upon was to get reports and find out if they were decent, honorable people.
- Morris: This would be from some of their clients?
- McLaren: Or banks, or whatever references they gave, and then they'd look and if they weren't satisfied they'd look further into it. So a lot of them were just eliminated entirely at the very beginning.
- Morris: Some of the people who had been blanketed in under the original law were still practicing?
- McLaren: Oh, yes. I think--didn't I give that in that Lawson letter?
- Morris: Yes, you cite an instance of a fictitious professional letterhead reading, "John A. Rowe, Certified Public Accountant." And under that, "Not connected in any way whatsoever with John X. Rowe of Sausalito."
- McLaren: I think that's a rather graphic thing because this Sausalito man was practically a crook, you see. Nobody had gotten around to throwing him out.
- Morris: Was this in relation to income tax business?
- McLaren: No, no, no.
- Morris: Or just the pure auditing?
- McLaren: This has to do with the Society itself, you see.
- Morris: Why would a businessman use an accountant who was of questionable ethical character?
- McLaren: Because maybe the client was questionable, too. In fact, that would be the explanation in most cases.
- Morris: I see. So there were enough instances of sharp practices around that the Society wanted to do something about it?
- McLaren: Well, sure. Of course, over the years the situation gradually improved. One of those things we had out here, there was a list of CPAs in 1923-- [in Mr. McLaren's papers in The Bancroft Library]
- Morris: Yes, there were sixty-five of them, I see, in the San Francisco Chapter in 1923. That's quite a number. I see both you and your father are members. Would he have been a founder?

McLaren: Oh, yes. He was a founder, yes.

Morris: Let's see. Victor Aaron, Dore Austin, W.D. Barnard, Bechtold, Blackman, Bours, Brotherton-- Were you personally acquainted with all sixty-five of these gentlemen?

McLaren: No, but most of them though. Practically all of them.

Morris: Who were the leaders in the organization as you recall?

McLaren: Is Herrick there?

Morris: Mr. Herrick is not on this list in 1923. Would he have retired by then?

McLaren: No, he hadn't joined yet. He was a CPA but there were two Herricks, and they just turned up their noses, they said, they didn't want to be called CPAs, they'd just call themselves accountants, and to hell with this. They finally had to come around to it.

From the early days, the California Society was dominated by a small group who served the profession well and unselfishly. Among these men--is Webster down there?

Morris: Yes, George Webster.

McLaren: Were George Webster, William Dolge, John Forbes. Is there a Carruthers there?

Morris: Yes, C.P. Carruthers. There's a Mr. Hatfield here, too.

McLaren: He's an honorary member. He was the head of the Department of Accounting at the University of California. Put him in--Professor H.R. Hatfield. My father was the first president of the Society. All right, now what?

Morris: There's Francis Farquhar, I see listed here too. We have interviewed him, too, on developments in accounting.

McLaren: He came on later. He worked in our office, and then he started his firm quite a bit later. His partner's a fellow named Cliff Heimbucher, you may know. Heimbucher's a very, very able fellow. In later years he was president of both the California Society and the American Institute. Very highly regarded.

Morris: Mr. Farquhar got his first experience as an accountant in the McLaren, Goode office?

McLaren: No. Before World War I he was in another office in San Francisco, and then he came back and we had him in our office. He was a very able fellow but he was-- Well, put it this way, he was an ecologist, and a great Sierra Club man. Save the Redwoods, and all kind of do-good organizations. So, one day he came to me, and said he had to make a decision. He'd been in the firm for a considerable time, and he'd have to know what his future was in the firm. And I said to him, 'Francis, Mr. Goode and I have discussed this many times, and there's no question whatsoever of your ability, but, you have all these other outside activities, and we haven't interfered with them. You've been valuable, we've understood it. But, unless you're prepared to give up a large portion of these outside activities, I don't think you have any future here at all.'

Morris: So that he was looking for--?

McLaren: So then later on he started his own firm.

Morris: In general, does an accounting firm allow their members to have a certain amount of time for other activities?

McLaren: They encourage it, provided it is of some value to the firm. Oh sure. That's the way you build up a practice. Membership in good clubs is exceedingly valuable provided it is properly used. In terms of developing friendships and meeting friends, playing golf with them, bridge with them, dominoes, and getting to know their families and so forth and so on.

Morris: Then eventually when they're in need of an accounting firm, there's that friendship already established?

McLaren: That's right.

Morris: Does that also apply to things like the Chamber of Commerce, and Community Chest, and any type of committee work?

McLaren: That's right. No question about it. I remember making a speech one time saying that I considered my activities in San Francisco Community Chest to be far more productive from the standpoint of developing practice than the Rotary Club, the Kiwanis Club, and the Lions Club combined.

Morris: That's interesting. Why are some clubs more useful than others?

McLaren: All of the service clubs have a sort of motto, 'You scratch my back and I'll scratch yours.' But there are mostly small potatoes in it, and the ones that are really important, that have some special reason Johnny wouldn't be influenced by any obligation to a fellow member of the club. They want to get the best they can find.

Morris: Who were the major clients of McLaren, Goode in the twenties?

McLaren: That wouldn't be interesting. It was so long ago. We still have clients we've had for seventy-five years.

Morris: From the beginning of the firm?

McLaren: Yes, I'm dating back to the beginning of the firm.

Morris: Primarily California companies that have grown along with your firm?

McLaren: Yes.

Morris: Did they come in as clients for auditing services, or for the income tax services?

McLaren: They were all auditing services until I got into the firm. But a lot of the income tax clients later became audit clients.

Morris: So you were primarily interested in developing the income tax practice with a whole new set of companies?

McLaren: Yes. That was my major activity--thrust. What time is it?

Morris: About a quarter past eleven. I had thought we could cover a little more today.

McLaren: All right.

#### Accountants and Attorneys

Morris: Was there a special section within the California Society and the American Institute of Accountants that was interested in the technicalities of income tax practices?

McLaren: No. It was just like a lawyer, for instance. They'd be partners in a law firm--they'd be admiralty lawyers, the ones that deal with shipping matters, and there would be income tax specialists in an attorney's office. It's the same way. The larger firms have quite a group of specialists that they turn things over to handle. For instance, probate on wills is another one. Big law firms will have people who do nothing at all but work on wills and probate of estates, and that sort of thing.

Morris: Are there also attorneys who specialize in tax matters?

McLaren: Oh, yes, sure.

Morris: Would those be people who a firm like yours would have a lot of contact with?

McLaren: Yes.

Morris: I understand from some of my reading that sometimes this becomes a point at issue between accountants and attorneys--

McLaren: In the past there have been a lot of differences of opinion, but they're pretty well ironed out now. The general rule is that in the lower levels--for instance in the Internal Revenue Bureau, when the revenue agent comes in and examines somebody's return, for a while the lawyers said at that point it becomes legal work, and the CPAs have no business in handling that, especially without calling in lawyers to help them. But now, it's not until there's some real litigation in a court of law or something which is equivalent to a court of law such as the--they used to have what they called the Board of Tax Appeals, and now they have the regular judges in the tax court. I guess up to the tax court, where a client wants his CPA to work with the lawyer, it's perfectly all right for them to work together. When they actually get into the court hearing, then the lawyer takes over, and he tells the accountant what he wants done. So the thing has worked out after many, many years of differences of opinion and bickering so it's on a pretty sound basis now.

Morris: Is this something that the society of CPAs would have done some work with the Bar Association--?

McLaren: Yes. They've had joint committees working for years and years. And, as I say, the atmosphere today is very sound.

#### American Institute of Certified Public Accountants

Morris: I gather that eventually the California Society and the American Institute of Accountants merged?

McLaren: No, no. The name of the American Institute was changed to the American Institute of Certified Public Accountants. It used to be the American Institute of Accountants. But it's completely independent of the individual state societies. Actually, eventually it will all be one, I think. Within a predictable time--within ten years I guess at the outside we'll all be one. But a lot of the

- McLaren: smaller state societies are jealous of their own prerogatives. Well, some of the states themselves don't want to give up state's rights on that, too.
- Morris: You refer, in this letter to Mr. Lawson, to differences that continued to be unresolved until 1936. "In the previous year Robert Montgomery had won the presidency of the Institute, and I [Loyall McLaren] had been chosen to be one of the two vice-presidents. And there was a hotly contested election..."
- McLaren: There was the American Society of Certified Public Accountants, which was an entirely different organization. And they'd been against the big firms. It was saying these practices are too large and are taking the practice away from local practitioners because they are bigger, and that sort of thing. Quite a bit of fighting had gone on for years and years. Then the two were merged in 1936.
- Morris: Which side were you and Mr. Montgomery on?
- McLaren: We were on the American Institute side.
- Morris: That there should be room in the profession for the smaller firms?
- McLaren: Don't I say something in that letter about that?
- Morris: No. You say that the basic differences were resolved by means of a merger, and that Colonel Montgomery was the dominant figure in the ensuing negotiations.
- McLaren: Put it this way. In the American Institute, from the standpoint of total practice by public accountants in the two groups, it would be safe to say that seventy-five to eighty percent of the total practice was handled by the American Institute firms, and the balance by the others. Eighty percent would be conservative-- it would be closer to ninety percent, I think.
- Morris: So your point was that the smaller firms presumably would do better to upgrade their standards and--?
- McLaren: That's right.
- Morris: Okay. Maybe that would be a good place to stop for today. Then I can work through more of this material and send you my questions about accounting.
- McLaren: I think next we could get into my activities and carry them right on through.

McLaren: First with the California Society, just very briefly. And then my activities in the Institute which still continue up to the present time. And then what would be next after that?

Morris: Then you might take time to do the session with Ms. Teiser on your clubs and those affiliations.

McLaren: Then there are these other things though. For instance, there's this Russian business which I think is kind of interesting.

Morris: I do, too.

McLaren: Then also because I did have a sort of almost a unique experience in the navy in the work that I was doing, so a lot of that I think is quite interesting.

Morris: And then you were on the Federal Reserve Board, too, weren't you for a while?

McLaren: The Federal Reserve Bank, but that's not important.

Morris: Nowadays they say the Federal Reserve has quite an important role on--

McLaren: The Federal Reserve Board in Washington--the local banks, their whole policies are dictated by the board in Washington. And they have only individuals within the twelve reserve districts, they have a bank in each district. And they're supposed to look after special interests of the banks. They in turn represent the individual banks, you see. So that's pretty cut and dried.

Morris: More of a ceremonial type of business to be on that--?

McLaren: It's sometimes a useful function, but most of it is pretty dry.

In these other things that I was a director of, there's not much point in going into any great length on the corporate directorships. Well, I did have those things where they said nice things about me when I left.

Morris: Those things we can include as illustrations. Maybe a few words about the relationship of your professional practice to being invited to go on corporate boards, which would be useful. In turn, what they contributed to your concerns about the business world.

[end tape 6, side 2]

## VI McLAREN, GOODE &amp; CO.

[Date of Interview: July 8, 1977]  
[begin tape 7, side 1]

Early Partnership Changes and Mentors

Morris: In the papers you gave me, there is reference to the firm of Knight, McLaren and Goode. Was that an earlier partnership?

McLaren: That was so insignificant in the whole picture. For instance, in the case of this Alan Knight, he was the first partner that my father ever had. In that sort of thing there is a matter of convenience. They weren't social friends, and after Mr. Goode came into the firm, a little while before the Fire, who was very congenial, a difference developed between them, and a short time after the Fire in 1906 they just split up the partnership. And went their own ways, you see.

In the same way Mr. Lilly and Mr. Manners were mentioned. Well, Manners was a temporary proposition--it only lasted a short time, and he had practically no interest at all. I don't see the point in crowding up the record with that sort of thing.

Morris: Only to identify them, since they are there in the documents. What you've said is sufficient to indicate that they were temporary and that sort of thing.

McLaren: On the other hand, there's Louis Lilly--well, he was a partner until he died, and he was in charge of our audit practice for many years, and was quite a prominent and popular CPA. Active in Society affairs and that sort of thing.

Morris: And then the Richard A. McLaren I've come across?

McLaren: Richard A. McLaren, that's my brother. The reason his name was mentioned was, you see, my father as a result of his accident had given my brother power of attorney. It wasn't really necessary, but



McLaren: when it came to these partnership changes--really for my father's protection--my brother acted for him. But my brother had nothing whatever to do with--he had no duties whatsoever in our firm.

Morris: Was he an attorney himself?

McLaren: No, he wasn't an attorney. For a power of attorney, you don't have to be an attorney to do that. That's just a legal document that you sign that empowers the holder of the power of attorney to act for you in matters requiring formal action.

Morris: I see. Did your brother continue to live in the Bay Area?

McLaren: That's right.

Morris: And were you close?

McLaren: Oh, yes, very. Always very congenial and very close.

Morris: Was he at the University with you?

McLaren: Well, he was a freshman when I was a senior; we were members of the same fraternity. He married a girl whose father was in a big shipping firm, so he wanted to be in shipping. As a matter of fact, shortly after the war he worked for us for a little while. And then got married, and then his father-in-law said--he happened to have a right, fine opening for my brother, and would it be all right with us if he took him over? We said, sure, it was entirely up to him. And he eventually became president of a line that had several boats going back and forth to the orient.

Morris: What was that?

McLaren: It was called Pacific Transport Company.

Morris: That's when shipping was really a major enterprise in San Francisco.

McLaren: Yes.

Morris: How about other business and personal associates who influenced your thinking and were important to your development in business?

McLaren: Very soon after I got settled in the office I began to appreciate the various factors that--where I thought I could be useful, I decided to spend some time in the professional societies, so that in that connection I've over the years become intimate friends with a substantial number of men who were leaders of the profession at that time. This applied both locally and on a national basis.

- McLaren: It was somewhat unusual in those days at any event, for a comparatively younger man to be on a more intimate basis with some of the, you might say, leaders of the profession. One reason was that I liked to play golf, and I liked to play poker, and in those days those two sports were very popular in the accounting profession. I might mention a couple of names. One man I became quite well acquainted with in my early days as a CPA was Robert H. Montgomery who did more for the development, added more to the prestige, of the accounting profession than anybody who ever lived in this country.
- Morris: What was his particular contribution?
- McLaren: Among many other things he was an author. He wrote books--he wrote standard books which were used in practically all the universities on auditing, and also very highly regarded books on federal income tax. And then another man I knew quite well was Samuel D. Leidesdorf.
- Morris: The gentleman who had the street named after him in San Francisco? A very short street.
- McLaren: Well [laughs]. No, the man who Leidesdorf Street was named for, he was an uncle or distant cousin.
- Morris: Was Samuel also a CPA?
- McLaren: He had established a very large practice in New York and Chicago, but had never attempted to expand the practice to what might be referred to as the big firms which have offices scattered all over the country. But he was an extremely fine man and an able man, and over the years was a great friend of mine. Both of them, of course, died a number of years ago, both Leidesdorf and Montgomery.
- Morris: If Leidesdorf's major practice was New York and Chicago, how did you come to be acquainted with him?
- McLaren: In the case of Montgomery, the intimacy was based on side social activities to begin with. And in the case of Leidesdorf, somewhat by accident--we both became involved in an important income tax case, involving the same client, you see. So after that our friendship just developed naturally.

#### Branch Offices

- Morris: I notice that McLaren, Goode had a number of branch offices.
- McLaren: Yes.

Morris: How did those come about?

McLaren: Back in the early nineteen hundreds my father negotiated an agreement with the firm of Deloitte, Plender, Griffiths & Co., who had a sizable number of clients with Pacific Coast interests. Put in parentheses: (In 1952 the American practice of Deloitte's was merged into Haskins & Sells.)

Morris: Does that mean that the Deloitte clients stayed as an identifiable part within McLaren, Goode?

McLaren: It became part of Haskins & Sells?

Morris: But Deloitte by then was part of McLaren, Goode.

McLaren: No, no. I'll clarify this right now. Under our arrangement, we merely acted as agents for Deloitte's rather than functioning under a partnership agreement. We also had a very substantial practice in Los Angeles which had originated in part when several of our important clients moved their headquarters to Los Angeles after the 1906 Fire.

Morris: Who would they have been that felt Los Angeles was a safer place to be?

McLaren: I don't think I want to put that in.

Morris: Okay. How early did you have a branch in Washington, D.C.?

McLaren: Wait a second, I'm going to tell this other thing first. Accordingly, we acquired a comparatively small practice of a highly respected Los Angeles CPA. In the succeeding years we added agency arrangements with firms in Portland; Oregon; Seattle; and Salt Lake City.

Morris: Salt Lake City? That's interesting. How did that happen?

McLaren: It happened because I knew some people in San Francisco who were in families--back there, naturally, Utah has big families. They had the family connections and the families' [businesses] had never been audited so they asked me to go back and talk to them about it, and the result was that we in quite a hurry got several very good clients.

Then it turned out that a better arrangement would be to turn it over to a person who was a very fine individual and function under his name rather than ours. For one thing, I'd just started in this thing and I was awful busy in other matters, and it was a fairly small operation anyhow, so that the only solution was to have somebody else handle it.

Morris: This was somebody in Salt Lake?

McLaren: Salt Lake City, yes. People who were highly regarded and so on.

Morris: So there were some CPAs in Salt Lake City?

McLaren: Oh, yes.

Morris: But the San Francisco connections of the families thought that their businesses would benefit from some--

McLaren: Yes, from having some established auditing firm come in there, because at that time the total accounting practice divided up among quite a number of smaller firms wasn't really significant.

Morris: On acting for Deloitte in the west, did they in turn then act for McLaren, Goode in the east?

McLaren: No, no they-- It was a two-way thing. We had a few cases where they did work for us, but from the beginning almost all of it was the other way around. We finally called off the arrangement because of the fact that-- Well, part of the arrangement was for the use of their name--they were one of the big firms of the world--as their agents, you see, we'd pay them a very small percentage of our entire income. Well, then when World War II came along, and the whole position changed around, and finally--

Morris: And California became a big--

McLaren: Some of their foreign business had dwindled at that time so finally it was my unpleasant duty to inform them that we had enjoyed the arrangement very much, but it was time to call a halt. Their feelings were hurt, but they had to admit that it would be the only sensible thing to do.

Morris: Their pocketbooks would have hurt by that time, wouldn't they?

McLaren: Yes, so that's that. Now what's our next point.

Morris: Let me ask one question about Los Angeles. Why was it considered more desirable to acquire an existing small practice rather than just open a McLaren, Goode office and send some of your people down there to open an office?

McLaren: I'd say that in the big majority of expansion cases, it's done that way. If you can find a person in the community, or an existing firm in the community that you can absolutely count upon from the standpoint of integrity and stability and so on, it's by far the easier way. And furthermore, it's advantageous because if you bring somebody

McLaren: down from your office, they don't know where to go to get information of a reliable character, for example. It takes quite a while to become acquainted. That is really the normal method of expansion.

Morris: I see. Because the existing firm in the locality knows what the local situation is.

McLaren: That's right. They have friends among the banks, and local officials, and so forth and so on, so they're already part of the picture.

Morris: Okay, that makes sense. My next question was, when did McLaren, Goode establish an office in Washington, D.C.?

McLaren: We didn't. We didn't have to. We had several firms of attorneys in Washington--we called them depending upon the circumstances, which one we'd select to come in on important tax cases, you see. But we'd make the arrangements on behalf of our clients. Then they'd act for the client, at the same time that we were acting for the client jointly on income tax matters that came up from time to time. There wasn't any necessity for our having an office in Washington at that time.

Morris: I see. So, in effect, the attorneys stood as your agents in Washington.

McLaren: That's right--in effect. And, of course, all during that period which would be from the early twenties until really World War II, I was the one that kept in closest touch with Washington. I would have to make every year quite a number of trips back there in connection with tax cases. So, I kept in pretty close touch with the whole Washington picture.

Morris: So you were the man in Washington.

McLaren: In a sense.

Morris: Does that mean that up until World War II, you were doing the actual auditing work--?

McLaren: Not auditing work, but actually the preparation and handling of income tax cases.

Morris: The actual day to day detailed work--

McLaren: Not the detail work--the detail work was always done by people on my staff. I'd have to have a study made of all the comparative figures going back to over a period of years. I wouldn't attempt to work out those details, that would be handled by somebody else. In

McLaren: the same way, one of the most important things in income taxes is so-called case law. In other words, that means what precedents are there to guide you. And that meant something that in every lawyer's office is one of their principal activities. They had to look up the authority. As far as attempting to look up myself, I just didn't have time to do it, and so I'd have one of our assistants who was familiar with this work find cases and when they'd find a case to come and discuss it with me, and so we'd decide whether or not that was the pertinent authority that we'd want to use. In those days I had a volume of things to do, and so as I say there wasn't much detailed work. It was almost all done by other people.

### Recruiting, Women in Accounting

Morris: Where did you get the younger men to do the detail work?

McLaren: Well, we had from time to time, we had young lawyers on our staff, and we had others that had studied law but had not necessarily become lawyers. We developed quite a capable staff--a lot of them became partners later on, lots of them.

Morris: Would you recruit young men from the University, or did you find people already in business who had some experience?

McLaren: Because of our close connection over the years with the University of California (you see, we'd been their auditors for many, many years), we had really an inside track in getting bright, young accounting students. We would approach the thing in a different way because basically we were certified public accountants, and so we would start, really, to obtain the services of young men who had shown adeptness in the accounting field.

Morris: In their studies?

McLaren: That's right. Where the records indicated that they had demonstrated ability in the accounting field. Then that would be the jumping-off place because after they had been in the office for a while--sometimes only a matter of months, they'd become intrigued with the income tax side of it, and gradually would get so that they were income tax specialists. And after they became income tax specialists, then they would be completely out of ordinary audit. They would devote all their time to tax matters.

Morris: Does that mean that the people responsible for--in the U.C. administration who handled their accounting, were also closely in touch with the Business School so that they would know who the good students were coming on?

McLaren: There again going back to Louis Lilly, he at times had served as an assistant to Professor Hatfield, the head of the accounting department, and took a great deal of interest in the activities of the Business School. So that he would keep in touch with these young men who were coming along. So for a long time there we really had our pick of the crop--we were very fortunate. In fact, I would say for awhile there, instead of having to do recruiting as such in various schools, we would get practically all the people we needed right out of the Business School at California. As it is now, we have to interview at colleges all over the place.

Morris: Is that because Cal isn't turning out that many good people?

McLaren: Oh, no. The whole volume has grown tremendously--no doubt about it. That's the reason for it.

Morris: Because you need more people?

McLaren: And of course in those days there were comparatively few qualified accounting schools in these various universities. There are only a few.

Morris: I was wondering if you ever took a look at any students from Stanford?

McLaren: Oh, yes. But in those days, for a long time we had no reason to because we had all we needed, you see.

Morris: Is it now a matter of good public relations to keep in touch with all the different schools?

McLaren: Definitely. And the faculty of the business schools are very much interested in doing what they can for their students, so they arrange these interviews and that sort of thing. It's become very, very important. We devote considerable time, and time of some of our top partners, in conducting these interviews and lining up the people and deciding what kind of offers you had to make on them, and so on.

Morris: Is it a matter that there is quite a lot of turnover in the lower levels in accounting?

McLaren: Not so much turnover as competition in the first instance. In fact, I've thought at times it's too bad that we sort of spoil these youngsters--it's not good for them to have to start them on such high salaries as they receive these days.

Morris: I wondered about that.

McLaren: There's nothing you can do about it.

Morris: It kind of builds in an inflationary factor if you bring them in at a high salary?

McLaren: Yes. All of them are young and ambitious, and most of them want to get married--some of them are already married in college, you know. Anyhow, that's getting a little aside from the main point, anyhow.

Morris: Since it's 1977, I should ask you about young women in accounting. In these days we're talking about, were there any young women?

McLaren: I would guess that with the exception of World War I, when we in our office used a few young women as assistant auditors--not in charge of engagements--that was not a significant factor. That passed out of the picture almost immediately after World War I with maybe very, very exceptions. And it wasn't until, oh perhaps, after the Depression that the women became a really important factor in accounting.

Morris: That's the late thirties you're talking about.

McLaren: That's right. Well, say, not quite the late thirties--middle thirties. But now, they've become more important as time has gone on. That's true, by the way, in the income tax department, as well as in the auditing department.

Morris: What would you say happened to make that change to come about?

McLaren: I would say that just followed a trend which is quite noticeable in banks, for example. In the early days in banks there were a few women bookkeepers, or a few people behind the scenes, but practically none of the tellers were women. And now, percentage-wise they're very, very important in the whole banking picture. Some of them have risen to extremely high positions--even made heads of banks.

Morris: Right. I think of the women in banking executive positions as something of the last ten years. I was wondering about in the accounting profession, when women would have come to be in charge of an accounting section.

McLaren: I'd say that, just speaking very generally, I would guess that the trend has been just about the same in accounting and banking, and law offices are another one. You might say in the general field of finance, you see. This movement for the increased responsibility for women has proceeded along the same general lines in various branches of financial world.

Morris: Do you recall when McLaren, Goode, for instance, might have a woman in charge of a given client's account?



McLaren: That would probably be during the war period when I was away.

Morris: Because they were there when you came back?

McLaren: Well, yes. Actually, the advancement in our office, the advancement of women in the income tax field has been more rapid than in other fields. One reason for that is that in auditing there's so much travel to be done, you see. So that if a woman's in charge, or has a responsible position, it sometimes doesn't fit into the picture, the actual arrangements for restrooms and that sort of thing in offices. There are difficulties of that sort encountered.

Morris: And women in factories and other kinds of industrial plants--

McLaren: Here's something that I don't know enough about to warrant intelligent comment, so let's get to something else now.

#### Practice Furtherance and Some Ethical Considerations

Morris: Okay. [Laughs] I came across a speech that you made on practice furtherance. It was very interesting and it looked like it was the result of a lot of thought on your part.\* You were talking about the importance for accountants of staying in circulation.

McLaren: Oh, yes, yes. [Laughs] Ever since my very early days in accounting, I have felt that the most important duty of an accountant is to serve his clients well. The second duty is to himself, and that is to increase his practice if he can. There you run into the question of ethics. It's considered unethical, and you're subject to severe discipline if a CPA directly solicits clients who are already served by other CPAs. So that's the first part. Well, then it's a question of going down the line and finding out ways you can augment your practice without violating any rules of ethics.

So, the thing that you read--another way of expressing it, an old, old friend of mine said to me years ago, "The thing that I have found most valuable in developing practice is to be next in line." And he said, "I don't care how close the relationship is between the friend of mine and whatever CPAs he may have, things have a way of happening, and when any change has to be made, I want

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\*Talk given by Mr. McLaren at Haskins and Sells' partners' meeting in 1952. See Appendix.

McLaren: to be considered first. That's why I spend as much time as I do at clubs and various business gatherings so that by keeping in touch with a lot of people." That's the basis of the whole thing. And it makes very good sense, too.

Morris: Now that's interesting. One normally thinks of accountants as earnest souls who spend a lot of time in piles of figures and--

McLaren: That's right.

Morris: But you're saying one of the secrets of success is to be gregarious and to move comfortably among people.

McLaren: That's right. There's no question about it.

Morris: You make the point also that you need to be selective about the kinds of circulating you do. That some kind of organizations--

McLaren: That's right, some of it is a complete waste of time.

Morris: Is this something that some young accountants know by instinct, or do they get a course in it?

McLaren: No, because the young accountants can't be trusted with it. I mean, the worst thing of all for a rising young accountant is for him to get an idea that he's a fine business-getter and to do everything he can to bring business into the firm, because he'll make mistakes, he'll do things that are highly improper and so forth and so on. It requires a lot of experience to do this thing in a way that won't offend people or subject you to really serious criticism.

Morris: How is this managed? Do you find some young accountants that you take along with you--

McLaren: No, no. What you do as these young people come along then, for instance, you suggest that they join a good club. Maybe the arrangement will be that the firm will pay the dues at the club, you see--that's one way of doing it.

Morris: You seem to have begun this kind of thing as quite a young accountant.

McLaren: Yes, I did, I did. [Laughs]

Morris: Did it have anything to do with the people you already knew, and the fact that you were already a partner at quite a young age?

McLaren: Yes, yes. We discussed various aspects of this at our earlier meeting, it happened that for one reason or another I think I knew personally a much higher percentage of individuals that had some

McLaren: standing or high standing in the community, a much higher percentage than was ordinarily the case. And, of course, that automatically made a tremendous amount of difference.

Morris: Your friend said he'd like to be next in line when a firm was looking for new accountants. In reading some of the discussions on accounting in the seventies, I came across references to concern about the number of changes that were being made--that many companies were kind of hopping from auditors to auditors. And I wondered if that was a recent development.

McLaren: Yes, yes. It's up until right now, and it's been a very serious development as far as the larger accounting firms are concerned because of the fact that talk about changing auditors is based in a great many cases upon the feeling of the client that he's big business. That maybe they can find an accountant who'll do the work for less. So, they start shopping around. And, in connection with that, they will go to a firm and say, "Here, we can get this work done [elsewhere], so you'll have to come down in your price. And if you don't come down in your price, then you might be subject to being fired."

The thing is so bad that now it has attracted national attention, and the attention of the Securities and Exchange Commission, and other regulatory bodies. So now, it has gotten to the point that even in its earliest stages, if a firm changes auditors they have to in their next annual report, and in their proxy statements, they have to state exactly why they're doing it. And the lame excuse, "Well, they were charging us too much money," is not very sound, you see. But they can give all sorts of other reasons for doing it. Anyhow that's a situation which has been getting worse up to now, but there is every indication that will improve in the future.

Morris: But in the thirties, for instance, clients didn't change their accounting firm very often?

McLaren: No. Well, of course, the big case was McKesson & Robbins, and there, of course the firm that was involved was replaced by somebody else.

Morris: Was that a matter of the accounting firm having improperly advised McKesson & Robbins?

McLaren: No, that was a case where the McKesson & Robbins people worked out this very ingenious system of--it had to do very largely with crookedness in the inventory--and they kept milking the inventory, liquors mostly, so actually it went down and down, and they didn't reflect that in their books at all. They'd report substantially the

McLaren: same inventory as they had the year before, that had been substantially depleted. They pocketed the difference, you see. That was the big, crooked part of that McKesson & Robbins--

At that time, the auditing firm involved made what was considered professionally to be adequate tests of this inventory and they'd gotten confirmations. But, these people had figured up a system involving some Canadian subsidiary, and they just actually pulled the wool over the eyes of the accountants, and the accountants made what they considered to be satisfactory tests, but they weren't. So, as a result, this accounting firm was in very bad shape. But actually it was a fine firm and didn't lose many clients.

Morris: But McKesson & Robbins changed accountants; who took them on after the--?

McLaren: My friend Leidesdorf took them over. It was quite a feather in his cap because he wasn't one of the biggest firms. He was Jewish and he was known in New York as "Honest Sam." So when it came to pick somebody else, instead of getting one of the biggest firms, "We'll take 'Honest Sam.'" It was a tremendous feather in his cap.

Morris: Because it was such a big company?

McLaren: Oh, yes, and so much publicity.

Morris: I would have thought he would have been very cautious about taking on a company with evidence of funny dealing.

McLaren: Well [laughs].

Morris: Did it contribute to his lustre in the profession?

McLaren: Oh, sure. Then, unfortunately, later on he lost it. That was since we've gone in with Haskins & Sells, and now we're the auditors of McKesson & Robbins.

Morris: Are you?

McLaren: In the meantime, Sam is dead.

Morris: Are any of the same people still there at McKesson & Robbins, or did they clean house pretty well?

McLaren: Oh, yes. They got rid of all the bad ones.

Morris: Was that case sufficiently publicized and sufficiently serious that the profession introduced some new kinds of measures?

McLaren: Oh, yes. I was on the committee that instituted these new changes, especially on more complete verification of inventory.

Morris: Was this one of the American Institute's committees?

McLaren: Yes.

### Management Services

Morris: One other thing you mentioned in this speech, is that occasionally clients are interested in other management services in addition to accounting.

McLaren: Yes. That's something that has changed an awful lot in the last few years, and I don't see that much is to be gained by going into it. But a whole new branch has started, called management advisory services. All the big firms now have highly specialized groups that will come in and update. In effect what they're doing is giving business advice. From a standpoint really of business consultants. Years ago a lot of those records were inadequate, and you'd go in and put in improved records, you see, and that sort of thing. But this is all kinds of studies--for instance, such-and-such a department may not be doing well. You're brought in to analyze the detailed workings of that department--everything from the costs that enter the product, the method of selling, how the employees are rewarded in the way of bonuses, and things of that sort.

Of course, all the firms that handle this well have a lot of their own statistical information about what the companies in each industry should be doing, and this, that, and the other thing. That doesn't have anything to do with the straight audit. You're accepting the records as being correct, you see. It's the business methods of running a business.

Morris: Is that kind of an outgrowth of cost accounting?

McLaren: It is. It's much further than cost accounting.

Morris: Than the old time and motion study.

McLaren: You asked me about the Cost Accountant Society. Well, I joined the Cost Accountants as a charter member, and just joined because it was, something to--there again, a chance of meeting new people. I've never been a cost accountant--never.

Morris: Did McLaren, Goode do cost accounting?

McLaren: Absolutely, oh yes, we always had capable cost accountants.

Morris: Did you continue your membership in the National Society of Cost Accountants?

McLaren: Yes, I'm still a member.

Morris: But never really got involved in the leadership kind of thing?

McLaren: No, no.

[end tape 7, side 1; begin tape 7, side 2]

## VII BROADENING BUSINESS AND CIVIC INTERESTS

Writing on Income Tax and Annual Reports

Morris: You wanted to say something more about your professional society work today. Let's talk about the California society first. You were president of the California Society of Accountants in 1928, so you must have gotten involved in that quite early.

McLaren: Yes, I did.

Morris: What were the major interests of that society?

McLaren: I gave you a copy of a letter that I sent to somebody in the east who was writing a book, and I think that letter hits right square on this point. [See appendix]

Morris: Yes, the concern was primarily for the improvement of standards.

McLaren: That's right.

Morris: Weren't you quite young to be president of a major professional society?

McLaren: Let's see. No, I wouldn't say so, '28.

Morris: You'd be in your thirties.

McLaren: No, no. That's not significant. I think that letter really covers it pretty well. Then it tells about how the law was changed later on about bringing in--this two-class legislation bringing in non-CPAs. [1945]

Morris: Yes, that's the California law?

McLaren: Yes, the California law. I think it covers that pretty well.

Morris: So, you're saying that the Society was involved in talking with the legislature about the need for this law?

McLaren: Yes. A very strong minority fought it to the bitter end. They took the position that what the non-CPAs did was perfectly all right if they didn't attempt to go to the public and convince any part of the public that they were qualified to do things they really weren't qualified for. That was the big thing.

In fact, when I was president of the Society, on several occasions I went up to Sacramento to say, 'Now, look it's perfectly all right, we don't want to deprive anybody of a living. The public is entitled to the protection that the certified public accountant brings them. So we just want that left as it is, and you can do anything you like in the way of regulating these other people. And we got away with it year after year--they could see that that made sense. But then the pressure continued, and there was a lot of lobbying, and finally, well, I think there's something like (I forget the number) fifteen or twenty thousand of them now.

Morris: Accountants who are not CPAs?

McLaren: Yes.

Morris: And how many accountants, roughly, are CPAs.

McLaren: Oh, maybe ten thousand.

Morris: When you were going up to Sacramento in '28, Mr. Feigenbaum was in the Assembly. Were you and he already chums?

McLaren: In fact, in those days when I'd go up there lobbying, I'd see him up there. We weren't close friends, but we were congenial.

Morris: Would you talk to him about what the Assembly was doing about your accounting regulations concerns?

McLaren: He wasn't on the committee that was hearing the accounting bill. He was Revenue and Taxation, I think.

Morris: Right.

McLaren: But this wasn't before that committee. Then when Vincent Butler and I wrote a book in 1929, we saw a little of Joe up there at that time.\* We had a couple of meetings with him when he was in the

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\*California Tax Laws of 1929, N. Loyall McLaren and Vincent K. Butler, Jr., Walker's Manual, Inc., 1929.



McLaren: Assembly. And then Butler died. In the meantime, we had acquired a couple of mutual clients, so I suggested to Feigenbaum that we write this other book, and that was the result.\* By the way, you have that book haven't you?

Morris: I do, and I'll get it back to you.

McLaren: That's the only one we can find--it comes out of our library, the company library. I may have one that I can't find, scattered around here somewhere.

Morris: I will guard it carefully. Who is Vincent Butler.

McLaren: Vincent Butler was a Rhodes Scholar. He was a very able young lawyer. At the time we wrote the book he was on the staff--he was sort of the resident lawyer at the old American Trust Company in the San Francisco office. Well, the head office. He and I kept talking about this thing. At that time I think I was president of the California Society.

Morris: You would have been.

McLaren: So, we decided finally--he got a suite at the Fairmont Hotel and turned it into--one of the rooms was a regular law library, and we had assistance from my office--he had little outside assistance--and we just lived in this place. Of course, it was during Prohibition, every afternoon we'd have a cocktail hour at five o'clock. [Laughs] So we turned the whole thing out in about thirty days or so, as a matter of fact.

Morris: That sounds somehow like that anniversary issue of the Pelican, when you fellows moved into a hotel suite.

McLaren: Yes, that's right.

Morris: So you both had a separate place from your main office space for writing this book.

McLaren: Yes. And we had one bed. In one of the rooms they had one bed. He lived in San Francisco, you see, right in San Francisco, and that bed was for me so that I wouldn't have to cross late at night across the bay. I lived at Berkeley at that time.

Morris: What was so interesting about those California tax laws of '29?

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\*Income Tax Management for Individuals, N. Loyall McLaren and B.J. Feigenbaum, Walker's Manual, Inc., 1936.

- McLaren: It was the first time there had ever been an income tax law in California.
- Morris: I see.
- McLaren: Incidentally, this book over the years has been cited in--we were talking about case laws--this book has been cited in all kinds of tax cases.
- Morris: So, in a sense, if this was the first year, your description of it would have kind of set the precedent.
- McLaren: Oh, sure. I guess, the only book that's ever been written on California income tax law.
- Morris: It included a couple of theories I thought were interesting. Here you cite the Frenchman who said that the tax agency's purpose is to pluck the goose while it's fat.
- McLaren: Yes, yes.
- Morris: And that it was also recognized by the courts that the taxpayer was entitled to seek ways of minimizing his tax liability.
- McLaren: That's right. That's right.
- Morris: Now, was this something that you and Mr. Butler and Mr. Feigenbaum had established in writing your books?
- McLaren: No, no, no. Those were the basic principles of the time. In fact, I think in the case of Feigenbaum we start our preface that way. It's the right of the taxpayer to minimize his taxes if he can do so legally.
- Morris: Is that the underlying assumption of income tax work?
- McLaren: Oh, sure. The big thing on the other side is that you must make an adequate disclosure before taking advantage of any reduction in tax. You must give in your return information which will at least put the examining authorities on notice. That here's a matter where there may be a difference of opinion. Full disclosure is what it is.
- Morris: There was a comment in the book also that one of the problems nationally, and I assume locally, was that many firms and also individuals were not comfortable with this idea of disclosure. Was that a problem?

McLaren: It was in those days, yes. On the question of the secrecy side of it. In other words it's the absolute obligation of the taxing authority to keep secret any material that you furnish them with. If they don't--the most practical way where harm can be done is to divulge secret information which competitors can use to the disadvantage of the person involved, you see.

Morris: So that companies were concerned about the secrecy, about divulging what they considered to be confidential information about their finances.

McLaren: Yes.

Morris: Were there any cases where competitors did gain access to confidential data through tax records?

McLaren: I'm sure there were. I can't give you a specific case now, but I'm positive of that.

Morris: What inspired you gentlemen to write the book? You had busy practices both of you.

McLaren: Well, the thing that inspired me was practice furtherance. That's what inspired me--it was no public gesture or anything. [Laughs] I'm sure, as a matter of fact, for both of them too.

Morris: Because bankers and attorneys are also very much involved in this whole matter. Right?

McLaren: Sure, sure.

Morris: What kind of plans did you have for marketing the book and distributing it?

McLaren: There again the main thing was to get it on the market. So that, actually what happened in the case of all three books, I'd get hold of some clients of ours--like Dean, Witter, for instance--and have them buy a lot of copies to give their clients, you see. That's one way I'd do it. We got pretty good circulation, all right.

Morris: Primarily on a private circulation basis?

McLaren: Yes. But it was not the prospect of making money on any one of these three books--that had nothing to do with it.

Morris: Primarily you wanted to get read.

McLaren: That's the idea.

Morris: And what kind of a response did you get from it?

McLaren: Very good, very good.

Morris: Would most of those things apply to the one you did in 1936 on Income Tax Management for Individuals?

McLaren: Yes, yes.

Morris: Was that on a wider basis? That seems to relate to federal--

McLaren: That's right--much wider basis than the first ones which was just purely California.

Morris: And that went well enough so you decided you'd do the same thing for the national taxpaying public?

McLaren: That's right. Then, of course, the last one was a book that was entirely different.\* It wasn't a tax book at all.

#### Annual Reports Study

Morris: I was fortunate enough to talk to Professor Munitz in the Business School. He was very helpful. He thinks this book on annual reports is very significant, and he'd like to know what your concerns about the quality of annual reports were.

McLaren: The reasons for writing that?

Morris: Right.

McLaren: Because that, unlike the other two--completely unlike the other two, that your audience was people interested in annual reports. The preparation of annual reports, and how to analyze an annual report, and that kind of stuff. So that meant that all of them, that whole public, was in a very remote sense potential clients of accountants, you see. So that's why that was written.

Morris: Was the Securities and Exchange Commission expressing concern about public reporting of corporations in any sense?

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\*Annual Reports to Stockholders, N. Loyall McLaren, Ronald Press Co., 1947.

# Accounting Reform Urged by McLaren

By John S. Piper

The News-Financial Editor

In recent years, there has been considerable agitation for simplifying and reforming corporation annual financial reports. Why not, many people say, make the reports simple enough for the average stockholder to understand? Why not, say professional accountants, develop a uniform accounting system which can be followed by all corporations?



N. Loyall McLaren, a San Francisco who is a partner in the firm of McLaren, Goode & Co., certified public accountants, takes up both of these questions in his new book, "Annual Reports to Stockholders; their Preparation and Interpretation" (Ronald Press, New York, 364 pages, \$5).

As to the simplification of reports, Mr. McLaren is against this. He declares that it is nonsense to assert that annual reports can be simplified to the point that they will be understood by any first year high school student.

"These assertions," he explains, "lose sight of the fact that an adequate accounting can be no simpler than the complex business transactions which the financial statements reflect. The author is convinced that in general it is illogical to attempt to make the report serve more than its main purpose. It should be employed as a medium for the betterment of employee and customer relationships only in a purely, incidental way."

"Clear and complete disclosure of significant financial information, which will enable the discerning reader to analyze the financial position of a company and to form a considered opinion of the potential worth of its securities, must always be the first obligation of the board of directors in accounting for its stewardship."

## FAVORS UNIFORMITY

As to the uniformity of annual financial reports, Mr. McLaren is all for that.

He recalls that the U. S. Steel under Judge Gary was a pioneer in the movement toward better reporting techniques. He adds that special credit is also due Caterpillar Tractor, General Motors, Standard Oil of California, Tide Water Associated Oil, Eastman Kodak, Chesapeake & Ohio, Santa Fe, Union Oil, Electric Boat, General Mills, Aviation Corp. and Brown & Bigelow.

Mr. McLaren warns that, to avert arbitrary Government regulating of accounting, some means must be devised of accelerating the development of more uniform and consistent reporting standards.

Deficiencies in the reports of



N. LOYALL McLAREN.

any large company," he says, "may have an unfortunate impact upon industry in general, as well as upon the individual enterprise. It is significant that efforts of social reformers to discredit free enterprise through the distortion of inconclusive statements in annual reports, and through emphasis upon the shortcomings of some reports, have been particularly pronounced since the close of the war."

## VARIANCES IN TERMINOLOGY

Later on, he refers to the variances in terminology employed to describe individual items in financial statements. "Here," he writes, "personal whim should give way to reasonable conformity with generally accepted conventions. Certainly none of the other branches of our economy is so wanting in the employment of standardized terminology as is accounting."

"All the learned professions except public accountancy are more precise in their use of technical terms; their departure from accepted usage is extremely rare."

"The point here, as in other phases of report presentation, is that no game can be well played until all the participants agree on

San Francisco News

January 28, 1948

the basic rules. But having done so, the complexities of modern business are such that there is still ample room for the display of skill and originality."

## OTHER ASPECTS

He then lists these other aspects of financial accounting which lead to confusion in the public mind:

Arrangement of items within the financial statements.

The failure of most large companies to supply adequate information with respect to the nature and disposition of reserves.

The failure of public accountants and financial officers to agree upon criteria governing entries in the income statement and in the surplus statement.

The want of authoritative standards governing the submission of comparative financial statements in published reports.

To insure compliance with improved procedures, the author proposes the appointment of a joint committee, comprised of representatives of the national accounting bodies, the United States Chamber of Commerce, and the National Association of Manufacturers; the several national associations of bankers and credit men, the New York Stock Exchange, the American Management Association, and all other representative non-Governmental groups having a direct interest in the improvement of financial reporting techniques.

Mr. McLaren suggests that this committee draw up a program of uniform procedure and submit it to a poll of appropriate groups within the participating organizations.

"If the prestige of such representative groups is lent to the plan," he concludes, "the writer is convinced that an overwhelming majority of quasi-public companies would speedily adopt the minimum procedures thus endorsed."

Earlier in his book, in a chapter on railroads and public utilities, Mr. McLaren criticizes the 1945 annual report award of the magazine "Financial World." The Chesapeake & Ohio won the grand prize. The accountant says that, aside from format and the use of color, the report of Santa Fe is far superior. "Indeed," he adds, "the Santa Fe report is second to none in the selected group in respect to content; the text of the report, the financial statements, and the useful historical statistics are presented admirably."



McLaren: Yes, yes. But that wouldn't be the motive, you see. It would be a factor, but it wouldn't be the motive in writing the book.

Morris: Your distribution in this case was to corporate directors.

McLaren: That's right.

Morris: That must have been kind of fun developing the lists for distribution of that.

Corporate Directorships: Pacific Telephone, Santa Fe Railroad, and Others

McLaren: We haven't had an anecdote today [laughs]. In the book, Annual Reports, I was a director of Pacific Telephone Company at the time, and it was a very difficult situation that had arisen there. Because nobody had ever put in a compulsory retirement age for directors. As a result we had a high percentage--I think it was maybe forty percent of our board at that time was beyond what would normally be considered the retirement age--seventy-two, seventy-five or something like that. So, when I got on to this question of adding a chapter on compulsory retirement of directors, I got my hands on every authority I could find--there weren't many in the field--but in that, after going into all the pros and cons about, should you make exceptions in the case of a brilliant older man, so forth and so on, what would be the logical answer for the average corporation of listed stock? And I finally came to the conclusion that the only sensible solution would be to have an absolutely fixed compulsory retirement age--not too young--because while it might result in a few cases where the answer might not be the same, yet it was important enough to be applied universally. So, I got this book out.

Well, Mark Sullivan, the president, sent copies immediately to all the board of directors, and recommended particularly that they read this chapter on the retirement feature. One of them was Charles K. MacIntosh--he'd been the president and the chief executive officer for many years of the Bank of California, and he was quite a positive individual. A few days after these books had been delivered, I walked into the bar at the Pacific Union Club and there was C.K. MacIntosh. He says, "Loyall, come on over and have a drink." And I said, "Thanks, C.K."

So we started drinking and he said, "By the way, I've just been reading your book. I've been reading particularly what you say about compulsory retirement of directors because of old age." And

- McLaren: he says, "I have a prediction to make. And I said, "What's that?" "I predict that if you ever live to be the age I am now, and somebody ever calls your attention to the things you've said about compulsory retirement, you're going to say to yourself, 'what a H.A. I was.'" [Laughter]
- Morris: Oh, my. So you took the opportunity in that book to comment on a few general business practices you thought needed attention.
- McLaren: Yes. Some.
- Morris: The retirement age of board of directors isn't normally a subject that's included in an annual report.
- McLaren: No, but it's pertinent though. Very pertinent.
- Morris: In terms of the strength of the company?
- McLaren: That book has been quoted in all kinds of cases where litigation has arisen just because of compulsory retirement, and so on. I think you'll enjoy reading that chapter.
- Morris: How did you feel about Mr. MacIntosh's prediction? You've only recently gone off a couple of boards, if I'm correct.
- McLaren: [Laughs] Well, I'm off plenty of boards. By the way, and this comes right into the discussion. I don't know if I showed you these before or not, I'm pretty sure I didn't.
- Morris: Very handsome bindings.
- McLaren: You have to pull that out.
- Morris: I see, with N. Loyall McLaren on the back, and it looks like, "In Appreciation to N. Loyall McLaren." Beautiful illumination.
- McLaren: Isn't that beautiful.
- Morris: Really. "Adopted by the board of directors of the Atkinson, Topeka and the Santa Fe Railway Company in 1957." Good heavens. Who did this beautiful piece of binding--
- McLaren: They got somebody in Chicago and paid him a lot of money for it, I don't know how much. Scroles Studio in Chicago. Isn't that handsome.
- Morris: Speaking of annual reports, they've become very elaborate illustrated documents.



- McLaren: There's quite a difference of opinion as to how elaborate they should be. A lot of people figure that when they are elaborate and when they have to go out to thousands and hundreds of thousands of people, they cost a lot of money so that it's pretty wasteful. I think some of them overdo it, they have very fancy color work and that sort of thing--very expensive.
- Morris: I would imagine that's quite different from the kind of annual reports that you were commenting on in your 1947 book.
- McLaren: Oh, sure. But even in those days, some of them were overdone.
- Morris: Were there any major questions over differences in the information that was being presented to stockholders and internal records? That seems to have been one of the questions about annual reports.
- McLaren: Yes, sure.
- Morris: Did you find that annual reports were often different than the internal records?
- McLaren: Sure.
- Morris: Was there any kind of resentment from businesses who felt you were telling them things they didn't want to hear?
- McLaren: I was pretty careful not to be insulting. But I did very clearly point out that they were subject to proper criticism if they didn't put an adequate amount of information in. Actually, it's the SEC's job to force them to do it. The SEC has been tightening up on that right along.
- Morris: This was a technical point I wondered about. If the SEC does keep an eye on annual reports as well as on the filing required for stock insurance.
- McLaren: Sure, sure. And they've gotten more and more into that; well, in fact, since I wrote that book.
- Morris: When you were writing the book in the forties, were annual reports generally done by the internal accounting people or by the publicity people?
- McLaren: They were done every way. Of course, the financial information would be prepared by the controller's office or the chief accountant's office. That would be the first step. And then the public relations people would come in and they would embellish it with all sorts of ideas, with pictures and something that would be dramatic, but had no real significance in the overall picture. They'd pep it up, that

McLaren: kind of stuff. So that, oh, there were all kinds of fights that went on in these companies, you know, between the public relations people and the financial officers.

Morris: Would directors ever take a hand in this kind of debate between public relations and financial offices of a company?

McLaren: They'd very, very rarely be called in. Very rarely.

Morris: I was thinking about it in your case particularly, where you have a very well-developed knack of expressing yourself clearly in writing, if they'd ever call on you to render an opinion on an annual report in progress.

McLaren: No, no. That would be stepping on the toes of somebody inside the company, you see. I have been consulted about a few little minor things, you know, but--

Morris: But normally it's not the role of the director.

[Tape off for telephone call]

Now this other one with the handsome brown binding, all stamped in gold with your name on it is a resolution from the Pacific Telephone Company board of directors in February, 1954. "Whereas in accordance with the retirement policy of this corporation for directors... Whereas this corporation has benefitted from N. Loyall McLaren's wealth of knowledge and sage counsel for over eighteen years, and the corporation has been most fortunate to have had him as a director." And this has everybody's signature.

State Harbor Commissioner, 1945

Morris: There's one other question I had about the California Accountancy Act of 1945. Was there some question about accountancy schools that was part of that discussion? As to how accountants should be trained, or how they were being trained.

McLaren: I don't know.

Morris: Okay. Was there much interest or competition for appointments to that new board that was set up by the Act in 1945.

McLaren: I would say no more than normal. No more than normal.

Morris: What's normal competition for a position?

McLaren: Well, some people would like to be on those boards, and some don't. I consider it just a hell of a nuisance--a terrific waste of time personally.

Morris: Okay, that explains part of what I was going to ask you next, which is, in 1945 about the same time you did accept an appointment to the State Harbor Commission in San Francisco. Was that appointment by Earl Warren?

McLaren: That's right.

Morris: How come you accepted that if you were not interested in something like the State Accountancy Board?

McLaren: Oh, well, because that's entirely different. That was public service. I guess the other was too, but insignificant in-- This was a very important group. It was a state group that owned and operated the San Francisco harbor, you see. For one thing, we assumed conservator responsibility. I didn't mention in this biography thing that-- Does it give the year there?

Morris: 1945.

McLaren: 1945. In 1947 I was made president of the board. And in 1948 or '49, I was invited to join the board of directors of the Santa Fe Railway. [See illustration next page] And that definitely constituted a conflict of interest, because the Santa Fe had a lot of dealings with the Harbor Board. So, I had to resign in order to go on the Santa Fe board. So, that was the sequence of events there.

Morris: At that point there was still quite a lot of undeveloped land, wasn't there, that was under the Harbor Commission's purview.

McLaren: Sure, yes. Out around Fisherman's Wharf, and that area.

Morris: Was that something the board was interested in developing?

McLaren: Sure. Well, later on when I was in the navy, and found that the city had bought this from the state I couldn't believe my eyes because it was impossible to make any money out of it--just absolutely impossible.

Morris: How so?

McLaren: In the first place there was a very large bond issue with big interest payments just as a starter. Having to retire the bonds as they became due was only a starter. And they had a political situation involving all the restaurants, and furthermore, in normal times, traffic was dwindling--of course, it did get a boost during

McLaren: the world war but that was only temporary. The thing just couldn't succeed, and nobody in their right minds would have made a deal of that sort except for political reasons. The deal was made by the San Francisco people--it gave them more influence and more power. Somebody told them, "Well, this is going to work out all right." It was absolutely--it was criminal to enter into a deal of that sort.

Morris: It certainly has caused controversy since that time. When you were head of the commissioners, was it paying for itself under state auspices?

McLaren: The deficit in operations had to be paid for by the state. It wasn't making money in those days.

Morris: But it was considered something that had to be done, so the state was willing to carry the deficit on it?

McLaren: The state was just delighted to accept the proposal from San Francisco, I can tell you that. [Laughter]

Morris: Was it Tom Coakley who served on that with you?

McLaren: Yes. Tom was president ahead of me.

Morris: He's an Oakland man, isn't he?

McLaren: No, he's in Mariposa.

Morris: Now, that's interesting--how did somebody from that part of the world get to be a Harbor Commissioner?

McLaren: Well, he went to the University and he organized a band there, paid his way through college. And he got into politics as an active Republican, and then Earl Warren appointed him first to the Commission, and then made him president. Then he decided to get back into politics, so he resigned and went up to Mariposa and got elected a Superior Court judge.

[end tape 7, side 2; begin tape 8, side 1]

Morris: Isn't there a Coakley who was district attorney in Alameda County for some time?

McLaren: In politics in Oakland, yes. It's the same family.

Morris: How did you come to Mr. Warren's attention so that he thought of appointing you?

McLaren: I haven't the faintest idea.

Morris: You never contributed to the party coffers?

McLaren: No, no, no. I never did find out. I think probably one reason was the big factor for Earl Warren. Ward Mailliard had served as chairman of the Harbor Board for years, and shortly before the time that I was approached, Ward had figured he had devoted enough time to this duty, and had resigned. It may be that Ward recommended me to Earl Warren. I had known Earl Warren ever since college days.

Morris: Right. Were you and Mr. Mailliard also acquainted?

McLaren: Oh, yes. In fact that's a part we've not covered. He was one of the four boys that went East to Taft School together at the same time.

Morris: I see, you were old school chums.

McLaren: Yes.

Morris: He seems to have been quite a remarkable influence in San Francisco, quietly and --

McLaren: Oh, yes. The Academy of Sciences, of course. He did tremendous things out there.

[Pages 119-122 of the manuscript are under seal until June 1, 1988]



THE ATCHISON, TOPEKA AND SANTA FE RAILWAY SYSTEM

80 EAST JACKSON BOULEVARD, CHICAGO 4, ILLINOIS

F. G. GURLEY  
PRESIDENT

June 1, 1949

- Personal -

Mr. N. L. McLaren  
1414 California Street  
San Francisco 4, California

Dear Mr. McLaren:

I recall that at our last meeting I had the pleasure of exchanging views with you concerning annual reports and I am sorry that the overall circumstances which are influencing the disposition of my time prevent my being with you and Mr. Chandler at the time of the discussion he is going to have with you.

As Mr. Chandler will explain, it has been our policy for the past several years to work to a program which brings the directorate control of the property into the area occupied by the railroad rather than to have directorate control in the area where the bulk of the stock is held. Mr. Chandler and Mr. Eames have in the past served admirably as directors from the important state of California and after Mr. Eames' death it seemed to our Board that the vacancy should be filled by another outstanding San Francisco citizen. We are honored to invite you to become a member of the Board and we hope that you will consent to associate yourself with us. From your scrutiny of our annual reports, you know quite a bit about our corporate structure and Norman can explain certain other phases of it and some of our operating policies.

According to the list of your directorships in the biographical sketch given in Who's Who, there are no conflicting interests and I would hope that there would be none in connection with "substantial stock ownership" in the companies with which we do business and concerning which our relations are governed by the Clayton Act. This Act, as you probably know, has to do with taking bids. A memorandum is attached showing briefly the salient features of the Act and a list of the companies where our annual purchases amount to a figure in excess of the line drawn by the Clayton Act. We have no difficulties in making purchases under the Clayton Act with reference to most of the commodities we buy and we have obtained bids for steel for many years. We have found, however, that the manner in which oil is purchased makes it impracticable to go to competitive bidding and if perchance you are a substantial holder of stock in any of the oil companies on the attached list, we would be forced to see what we could do about it — assuming always that you are agreeable to acquiescing in the suggestion which Mr. Chandler will make and which is supported by this letter.

Mr. N. L. McLaren

- 2 -

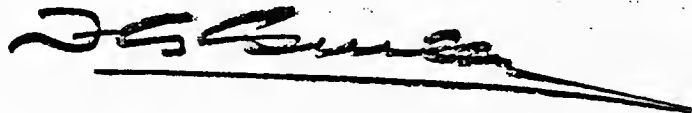
June 1, 1949.

We appreciate that the directors who live in California cannot make all of our meetings. Nevertheless, we would earnestly hope that you would be able to attend a reasonable number during the year. We usually have about ten meetings a year -- normally we pass up the December meeting and one during the summer months, usually July. You will find that our fees and expense allowances are fair and proper and I think you will have no criticism about that.

Needless to say, I am very hopeful indeed that you will be able to accept the invitation, and if you can, I especially hope that you can attend the Board meeting in Chicago on June 28. You would be formally elected in the early part of the meeting and would immediately thereafter take your place at the Directors' table. The meeting here on June 28 is of special interest because on that date the directors are to attend a luncheon at the Railroad Fair which reopens on June 25.

With kindest personal regards and again expressing the hope that we may receive your favorable reply, I am

Sincerely yours,







CAMPAIGN HEADQUARTERS

# COMMUNITY CHEST OF SAN FRANCISCO

500 POST STREET, AT MASON

TELEPHONE GRAYSTONE 620

SAN FRANCISCO

## OFFICERS AND DIRECTORS

CROCKER  
 RESIDENT  
 GEORGE M. ALEXANDER  
 H. M. ESBERG  
 LYMAN WILBUR  
 PRESIDENTS  
 EASTMAN  
 TREASURER  
 J. DAVIS  
 EXECUTIVE SECRETARY  
 WALTER ARNSTEIN  
 ELIZABETH ASHE  
 CHAMBERLAIN  
 DO COLEMAN  
 CUSHING  
 F. M. EHRLMAN  
 G. L. EYRE  
 J. FAY  
 MER FLEISHACKER  
 CLEVELAND FORBES  
 GALLAGHER  
 HARRIS  
 L. KAHN  
 J. S. KAUFFMAN  
 HENRY S. KIERSTED  
 LIPMAN  
 H. H. MCBRYDE  
 J. S. MARTIN  
 MARWEDL  
 ES W. MERRILL  
 J. G. MORIARTY  
 O'TOOLE  
 D. PHELAN  
 G. J. ROCHE  
 RY RUSSELL  
 M. C. SLOSS  
 B. SMITH  
 STANTON  
 STEVENSON, JR.  
 RUTH TURNER

## CAMPAIGN COMMITTEE

A. JOHNSTON  
 CHAIRMAN  
 WIEL  
 HARRY H. SCOTT  
 CHAIRMEN  
 IMMONS  
 SECRETARY  
 GEORGE T. CAMERON  
 H. M. ESBERG  
 E. FILMER  
 FULLER, JR.  
 FULLERTON  
 D. GHIRARDELLI  
 G. HAWES  
 A. C. SLOSS  
 B. SMITH  
 ED E. WOOD  
 RO A. WOOLAM

February 27, 1928.

Mr. N. L. McLaren,  
 McLaren, Goode & Co.,  
 444 California St.,  
 San Francisco.

Dear Mr. McLaren:

I am sure that you and all the members of your Committee  
 who worked so faithfully on the parade must have a feel-  
 ing of gratification over the success of your undertaking.  
 It was even better than I had hoped it would be, and I  
 congratulate you on the high plane with which you carried  
 out this particular work; it was splendid.

Sincerely,

C. A. Simmons,  
 Campaign Director.

CAS:R

Community Chest, 1935-1941

[Date of Interview: July 19, 1977]

[begin tape 9, side 1]

Morris: It looks as if you spent quite a lot of time with the San Francisco Community Fund.

McLaren: It was called Community Chest in those days. And my first interest in it is indicated by this letter which I received from what was then called the Community Chest and the date was -- What's the date of that letter?

Morris: It's 1928. [See illustration next page]

McLaren: That was the first thing of any importance I was involved in. The suggestion was made by someone that the Chest had never any events that would interest large crowds, and somebody suggested why not have a parade. So, at that juncture one of them telephoned me and I was given a couple of assistants. We were just starting from scratch because it had never been done before.

So I conceived the idea of borrowing open trucks suitable to be decorated as floats and so on, exhibits, to see if we could borrow them from a lot of good people. I had enough connections so I was quite sure I could do that, but the question was what activities should we feature. At that juncture I went to Miss Ashe and Miss Griffith and told them the problem and between them they were the directors to something like twenty-five or thirty different agencies of the Chest. So in one meeting of about an hour we mapped out which of the agencies we should ask to participate and exactly what the floats would represent. And they didn't get a single turn-down. I didn't get a single turn-down and the whole thing was all settled in a few days.

Morris: I can believe it.

McLaren: [Laughs] It was quite remarkable. So that was my first experience and that was the cause of this letter. About that time I got on the executive committee and was really quite active. During the entire time I was on the committee, the chairman of the committee was W. Parmer Fuller who was quite a public-spirited citizen and participated in many, many events.

Morris: That was Mr. Fuller II?

McLaren: The second, yes. Another interesting thing, Miss Griffith was on the executive committee, and also Mrs. Henry Potter Russell. And Mrs. Russell owned a number of racehorses--she had a modest stable, and she had the thought we might have a racing day at the Tanforan race track. Miss Griffith and Mr. James K. Moffitt and two or three other fine members were horrified at any way having the Community Chest tied up with the nasty word "gambling." But they were voted down and I was made chairman of the affair, and then we dusted around and among other things we worked through Louis Lurie who had important connections in movies and so as the queen of the affair they sent up Betty Grable.

That was the first time that Betty had received that type of recognition--it was just before she was a full-fledged star. So I went down to the station to meet her train coming in, and I had a big bunch of roses. So we sat up on a railroad truck with her knees very demurely crossed and holding these flowers and pictures were taken and so forth. Then, of course, that was in the papers and the thing turned out to be quite a financial success. A little while

McLaren: later one of the head people on the staff of the Chest persuaded both Miss Alice Griffith and Helen Russell to just sign their names in blank and the rest of it was covered up, you see. So, then, at the next meeting they were each presented with a copy of the same picture over their signatures and the caption underneath was, "It is difference of opinion that makes horse races--Mark Twain." [Laughs] It was quite an amusing incident.

Well, in any event, I continued very actively on the Chest until World War II came along. Parmer Fuller called me up and said it had been arranged that he'd have to go away, and anyhow he had served long enough as chairman of the committee so it had all been cleared and I was going in as chairman of the committee.

Morris: They didn't ask you first.

McLaren: I said, "Parmer, I appreciate the compliment but I'm going to leave for Washington in a few days. I've been accepted in the navy." So that was my last connection.

Morris: Did the big events like the parade and the publicity you got from the race day, did they have an affect on overall gift to the Chest?

McLaren: I'm quite sure they were helpful. But they were helpful in a different way. In the old days in San Francisco--in the old days of the Chest--there would be a group of perhaps a hundred people who were officers of large companies or had important private wealth of their own, and they would discuss how much was needed--it was relatively small--and then they'd have it practically syndicated before they'd start on this thing, on the campaign at all. It wasn't until events such as this that I've just described where they got in more of the general public. So that was really the start of quite an important change where a great deal of time was later on, in fact up until today, is spent on organizing establishments and having the individuals within the establishments responsible for soliciting everybody, and in fact quite a lot of them have payroll deductions. But there was nothing of that sort back in these days.

Morris: In other words, the needs of the community were such that a small group of people of means could underwrite it all.

McLaren: Could handle it, yes.

Morris: Were they interested in increasing the number of people who gave to the Chest and increasing the amount of money available?

McLaren: It was just a gradual transition until it became finally, today, of course, they've changed the name several times, but the pattern is pretty well set now.

- Morris: Would Miss Ashe and Miss Griffith have been responsible for the idea of Community Chest, if they were involved in so many different agencies?
- McLaren: They were involved from the very beginning. Both of them were involved in Community Chest from the very beginning. That's from the standpoint of the charities you see.
- Morris: They were looking for better funding?
- McLaren: The main point, of course, was in these charities--before the Chest was started each agency was on a strictly individual basis. So each of the agencies was competing with all the other agencies, and it was a duplication of effort and so forth and so on. So that the Community Chest idea basically was fine from the beginning and it gradually evolved until now it's quite well organized with very broad participation on the part of the general public.
- Morris: Wasn't there some talk there in the thirties of starting a community foundation to work along with--?
- McLaren: Well, they have a community foundation.
- Morris: Yes, but it didn't get started until after World War II. How did you find time to run these parades and be on the executive committee while you were busy building your practice?
- McLaren: Well. [Chuckles] There's always room for one more, so to speak. I think I planned the use of my time intelligently so I was able to cover a good deal of ground.
- Morris: I see, and there were things you could shift around in terms of time.
- McLaren: Oh, yes.
- Morris: Was most of the work on these things done on lunch time--?
- McLaren: The principal meetings were lunch meetings.
- Morris: Which came first, your trusteeship for the Bothin Helping Fund or the Community Chest?
- McLaren: Bothin Helping Fund came first. They were about in the same period--the early thirties, along in there.
- Morris: Did the Bothin Helping Fund play a role at all in the Community Chest?

McLaren: Only as a contributor. I think we have enough of that material. Now, let's get to something else.

Morris: Related but a little later was the San Francisco World's Fair. Were you involved in that, too?

McLaren: Oh, yes. I'll give you just a very brief summary. A prominent citizen named Milton Esberg had been active in the World's Fair of 1915. So when there was talk about a World's Fair he was one of the key people. And he was given the job as chairman of the concessions, which was quite an important job because it meant being responsible for all the entertainment--organization of big shows and visits from prominent figures in the amusement world, and things of that character. So, he appointed a committee, about half a dozen people. One of them was my friend Ken Monteagle that I've mentioned so often, and Louis Lapham, and his son Milton, Jr., and really quite a representative group. And I was made vice chairman of the committee.

Morris: Was that an honor or was that hard work?

McLaren: It was purely honorary. He and I had worked together-- Well, from the very start he and I worked together on the principal projects. During the Bohemian Grove that summer he suddenly died of a heart attack, and so I was all of a sudden chairman of the committee. I was extremely busy on other things, and so I did get quite a bit of help from the management. There was a man, Bill Monahan, who was very, very useful so that it was just simply carrying out the plans that had been perfected earlier.

Then the real test came because at the end of the first year they were quite a bit behind. They had a large investment, they had quite a number of attractions which could be just continued without any substantial additional investment, and so they decided to carry it on for a second year.

Morris: The whole fair?

McLaren: The whole fair. That's when I had to get out because I just simply didn't have the-- There wasn't a possibility of my doing a good job, so I turned it over to others.

Morris: Because business commitments were piling up?

McLaren: Because of commitments of various descriptions. At that time I was just absolutely loaded up, and it wouldn't have been the proper thing to do because I would have been a figurehead, so that was that. That's the history of the World's Fair.

Morris: Well, [laughs] you do seem to have gotten involved in a number of things.

McLaren: [Chuckles] Yes.

[Pages 127-145 of the manuscript are under seal until June 1, 1988]

## VIII CLUBMAN EXTRAORDINARY

[Date of Interview: August 9, 1977]  
[begin tape 10, side 1]

Variety of Memberships

- Teiser: You mentioned an incident in the Society of California Pioneers.
- McLaren: Yes, it was rather an interesting episode. On the cover of this program there'll be a date of when the thing was held. [Copy in supporting documents]
- Teiser: [Reading] Gold Spike Ninetieth Anniversary Luncheon sponsored by The Society of California Pioneers, May 19, 1959, Rose Room, Palace Hotel, San Francisco.
- McLaren: All right. You want me to tell you about that Gold Spike luncheon?
- Teiser: Please do.
- McLaren: It had been the policy of the Society of California Pioneers on appropriate occasions to sponsor luncheons or other gatherings devoted to pioneer affairs. The emphasis, of course, was on public relations. At a meeting in the spring of 1951, one of the directors made the point that we had not had a public affair for a considerable period. [There was] a discussion how to develop a suitable subject for a gathering until finally someone said, "How about the Gold Spike?" We immediately checked and found that the ninetieth anniversary of the laying of the gold spike in Utah would be within the next month or two. So it happened that at the time I was a director of the Santa Fe Railway, and I informed the group that in addition my firm was the auditor for both the Southern Pacific railway and the Union Pacific Railroad. Our firm was connected with also the Western Pacific Railway. Immediately I was appointed the luncheon chairman. We were able to get quite a bit of newspaper space because of the novelty of the occasion.





Mr. McLaren being interviewed August 9, 1977.

*photographs by Catherine Harroun*



McLaren: We next turned our attentions to the spike itself and found that there was not one but two. The first was in the vault of the Wells Fargo Bank in San Francisco, and the second in the museum of Stanford University. So, after luncheon, we produced the two spikes. The first was brought up from Stanford by President Wallace Sterling with a police escort, and another escort was provided to protect Wells Fargo's spike.\* There were several hundred people at the affair, and the most interesting feature was that separate tables were provided for the direct heirs of all the Big Four. I cannot recall which one it was--which table it was that was occupied by about twenty descendants. It probably was Huntington--it might have been Crocker.

Another table that attracted some attention, was one occupied by Lucius Beebe, the railway buff, and his boyfriend, whose name I forget.

Teiser: Chuck Clegg.

McLaren: They both acted as if they expected to be called upon, but needless to say they were not. Interesting speeches were made by President D.J. Russell of Southern Pacific, Ernest Marsh of Santa Fe, and Arthur E. Stoddard of Union Pacific, as well as by President Sterling and George Christopher [mayor of San Francisco]. The affair turned out to be highly successful from the standpoint of the Society of Pioneers, not only financially, but because of the stimulus provided for adding to the soceity's Californiana. A number of interesting railroad collections were included.

Teiser: You mean they were given to the Society?

McLaren: Yes. I think that is a rather interesting little incident.\*\* [Laughs]

All right, now, then the other thing we're going to try and discuss is a pretty big mouthful on both sides, and that's clubs, and particularly the Pacific Union Club and the Bohemian Club.

Teiser: The University Club, too, are you going to talk about?

McLaren: Let's see, yes.

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\*The original gold spike, on loan to Wells Fargo Bank during the California centennial celebration years, was returned to Stanford University in 1954.

\*\*For additional recollections of the Society of California Pioneers, see references in index

Teiser: Is that the first club you were affiliated with, did Mrs. Morris say?

McLaren: Yes, but not very extensively.

I'm wondering, I end up sort of analyzing myself. It gradually dawned on me that really, looking back on my life, my adult life, that I have spent as much time, and been as much interested in specific clubs as practically anything else I've ever done. And also I got thinking about it and I've been a member of a lot of different clubs, so in starting this thing it might be interesting to sort of develop it in that way--it's been such a big part of my life, and then mentioning some of the other clubs before getting down to the two important ones.

Teiser: Very good.

McLaren: Shall we do it that way?

Teiser: Fine. Let me ask you about the University Club, was it a club that would be more used by younger men than older?

McLaren: Yes. It was divided into two groups, one with older people who were principally faculty members at the University of California, or Stanford to a lesser extent, [who were] interested in education and more serious matters. Plus a group of older men who always made that their favorite club. Then, the other was younger men, and in the case of a lot of those younger men, it was a stepping stone to the Pacific Union Club. So that's about the way it was organized.

In reviewing my various activities, particularly since graduation from college, it has dawned upon me that a substantial portion of my life has been devoted to clubs, including country clubs. The first two were the Claremont Country Club, which was near my home in Berkeley, and which I used frequently, and the University Club. Shortly afterwards, I joined the Pacific Union Club, and because I was away frequently on business trips I became a member of the Racquet Club in Washington, the Columbia Country Club there, and also later on the Metropolitan Club. In addition, I joined the Rainier Club in Seattle, and later the Links Club, the University Club, and the Blind Brook in the New York area. Meanwhile, I had also become a member of the San Francisco Golf Club, and later the Cypress Point Club.

The purpose of these additions to the original list was very largely as a matter of convenience, particularly in the case of clubs in big cities where I could find suitable accommodations when traveling by myself. There was also a commercial aspect connected

McLaren: with these clubs because the more I joined and used them, the wider my list of friends became, and the more clients came to our firm. I don't know whether this is very good taste to put this kind of stuff in the air.

Teiser: Well, it's interesting, and it's one of the practicalities and realities of life that this is what people do.

McLaren: It really is.

Teiser: I imagine other people who joined those clubs whom you got to know--you used their services, too, didn't you?

McLaren: Oh, sure.

Teiser: So you knew that you could trust those people?

McLaren: Oh, sure. It's pretty hard to bring that out, I think.

Teiser: I have a list here of clubs that I think you gave to Mrs. Morris, and there is the Big Canyon Club in Newport Beach, and the Chicago Club, and the Twenty-nine Club in New York.

McLaren: Oh, yes. Right after the Links Club, put in the Twenty-nine Club. Yes, that's the important one--that was a very, very difficult one to get into.

Teiser: How do you get into those clubs? Do people put you up?

McLaren: [Laughs] If you're going to visit a city that's fairly distant and you don't know anybody, then you find a friend of yours who lives in that particular city, or is a non-resident member, and ask them--that individual--to give you a visitor's card, you see. Then you just take your visitor's card, and you go into the club. In my case I was so familiar with club life that there was just nothing to it at all, and you just work from there. Then you call on various people, and that's the way you get acquainted. However, by far the greatest use I have made of any of these clubs is the Pacific Union, the Bohemian and the Links.

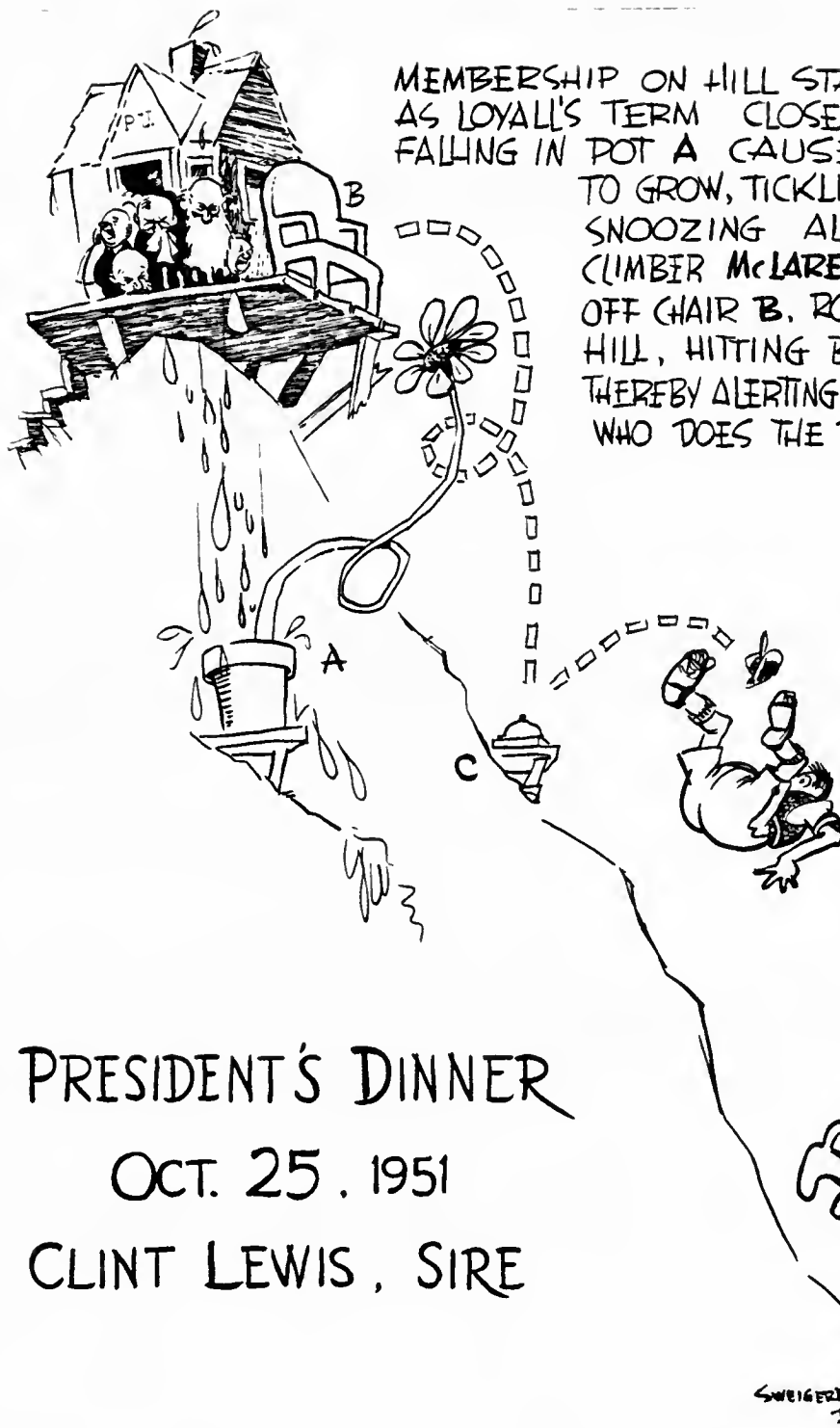
[end tape 10, side 1; begin tape 10, side 2]

McLaren: I should mention that while I was in the Navy during World War II, I was stationed in New York for about two years, and during that time used the Links for social gatherings and bridge, as well as for frequent meals.

Teiser: It must have been a relief to be able to do that.

McLaren: It was wonderful. Fortunately our hotel was only a few blocks away from the club.





MEMBERSHIP ON HILL STARTS TO CRY  
AS LOYALL'S TERM CLOSES. TEARS  
FALLING IN POT A CAUSES DAISY  
TO GROW, TICKLING TOES OF  
SNOOZING ALPINE  
CLIMBER McLAREN, WHO FALLS  
OFF CHAIR B. ROLLING DOWN  
HILL, HITTING BELL BUTTON C,  
THEREBY ALERTING OWL AT B.C.  
WHO DOES THE REST!

PRESIDENT'S DINNER

OCT. 25, 1951

CLINT LEWIS, SIRE



SWEIGERT WITH APPOLES TO  
DAVE GOLDBERG

Teiser: The hotel where you were stationed?

McLaren: Yes. Now, first, I should talk a little about the Pacific Union Club. In one way I feel qualified to do so because of the unique--unusual--experience I have had in serving as its president as well as that of the Bohemian Club. What does this say?

#### Bohemian Club Presidency

Teiser: It says, "Joined Pacific Union Club in 1924, and the Bohemian Club in 1935..."

McLaren: Right. This [Bohemian Club book] shows a list of officers, it shows the past officers.

Teiser: Yes, from 1896 on.

McLaren: Past presidents?

Teiser: Yes.

McLaren: Look down about 1949-50, I want to get in there.

Teiser: 1949 was W.P. Fuller, Jr., '50 Joseph J. Geary. '51-52 you were president, and '52-53 you were president.

McLaren: All right. Now hold that place open, and then let's go over to the other one [the Pacific Union Club directory issued in 1968] and see if there's anything in that.

Teiser: All right, let's see when you were president there.

McLaren: It will be about '49 or '50.

Teiser: You had some busy years!

McLaren: [Laughs] Yes.

Teiser: '48-49 you were president.

McLaren: Well, then, what we want to say here is that in 1948-49 I served as president of the Pacific Union Club, and of the Bohemian Club served two terms from 1951-53. The only other time that a member has served as president of both clubs was in the case of William Sproule who served one term as president of the Bohemian Club in 1898, and as president of the Pacific Union Club in 1918.



Teiser: He had been secretary of the Pacific Union Club earlier, in 1879.

McLaren: That's right. In any event I feel that I can speak with the voice of experience when it comes to club matters.

Teiser: You were going to tell us the story of how you became president of the Bohemian Club.

McLaren: No one can be more surprised than I was when I was asked to become the president of the Bohemian Club. Actually, I had never been active in the affairs of Bohemia except for attendance at club functions and in writing plays, skits, songs and the like. Also, my acquaintanceship with the members at large was very limited.

One day I was about to enter a directors' meeting of the Santa Fe Railway in Chicago and I was called to the telephone. One of my partners said that he had had a call from the chairman of the nominating committee of the Bohemian Club who had reported to him that an impasse had been reached by the committee with respect to the nomination of a new president. He said that after a series of meetings someone had proposed McLaren as a compromise candidate. My partner told me that the other man was waiting for an answer as they were about to start--as the committee was about to convene.

I told my partner I would telephone him within a few minutes. The [board of directors'] meeting was just starting, so I got hold--I cornered Fred Grey who was an old time member of the club and asked him for his advice. He said, "The problem is very simple. Do you ever want to be president of the Bohemian Club?" I said, "Well, I might like to at some time in the future." He said, "If that's the case you'd better grab it right now because it will never come around again." [Laughs] I then questioned briefly too three other members of the board who were Bohemians, and they all advised me to accept. So I did.

I must say that I did not come anywhere near to assessing correctly the length of time required in this job. I had been told before taking office that the board of directors, with the exception of the Grove period [and the] Christmas holidays, met every week. So mentally my first order of business became to change this ridiculous situation. But I never did [laughter]. The reason for this, the activities of the club are so numerous and varied that all the key committees, which would include the Grove committee, the Jinx committee, the membership committee, the finance committee, the house committee, et cetera, are constantly working on club projects which eventually will come to the board for approval.

I guess that's enough on this. Now you go ahead.

Teiser: Shall we go on with the Bohemian Club? Let me ask you some things about that?

McLaren: All right.

Teiser: You became a member then in the 1930s.

McLaren: 1935.

Teiser: Your father had been a member, you said.

McLaren: Father and three uncles.

Teiser: Why did you wait so long to become a member? Or aren't young men usually members?

McLaren: Ever since I was a small boy I had heard a great deal about the Bohemian Club. My father had been a long time member, three of my uncles were Bohemians, as well as many family friends. When I graduated from college and became active in business in San Francisco I had a choice in the beginning between joining the Bohemian Club or the University Club.

[end tape 10, side 2; begin tape 11, side 1]

Teiser: So you made a choice.

McLaren: A considerable number of my closest friends had joined the University Club and only one or two the Bohemian Club. A few years later I reached the head of the waiting list of the Pacific Union Club and was elected a member. Many times later, especially because of the aptitude I had developed for writing skits and the like, I was urged to become a member of the Bohemian Club. Aside from the additional financial burden, it should be noted that at this time I was trying to raise a family, and I knew, or at least was convinced, that if I joined the Bohemian Club I would have a difficult time in resisting the temptation of diverting time to a club that should be spent with my family. There's the story. Later, actually in 1935, the situation had changed in many respects so that I was able to devote considerable time to Bohemian Club affairs.

Teiser: Let me ask you about the camps. You are a member of Stowaway. After you become a member, then what. Do you just automatically become a member of a camp?

McLaren: Oh, no.

Teiser: How does it work?

Pacific Union Club Presidency

McLaren: What I'm going to do is to give you the two red books\* so they can be part of the record because I've gone over this and there's a very brief [history]--in the case of the Pacific Union Club brief but very interesting. And then there's a long history in the other one of the Bohemian Club, and it goes into a lot of these matters. For research purposes, I think both of them would be valuable to have copies in the record. I can give you them today as a matter of fact. [Copies in supporting documents]

Actual or implied obligations to serve when called upon are as far apart as the poles in the case of the Pacific Union and the Bohemian clubs. In the case of the Pacific Union Club the board of directors meets once a month or thereabouts, and in ordinary times everything is smooth sailing; none of the committees are called upon to spend in actual hours a material part of their time on club affairs. Whereas in the Bohemian Club the committees are very actively engaged in various duties.

Now, of course, the situation is one that could never have been imagined in the case of the Pacific Union Club until a short time ago. I refer, of course, to women's lib. After canvassing the members and conducting rather intensive study, the directors of the Pacific Union Club decided a few months ago to admit women as guests, but limiting such invitations to the evening--to dinner affairs only--with other restrictions as to the rooms that may be used for this purpose. Whether or not women will be forceful enough to persuade their husbands to extend these privileges is fairly uncertain. But the more pessimistic members feel that eventually women will have complete membership rights. And perhaps the same thing may be true eventually in the Bohemian Club, although I must say that in my humble opinion the Club and the Grove would be ruined.

Now, what do you think of that little statement?

Teiser: I think you should explain. Men's clubs offer a kind of setting that there's nothing like anywhere, is there?

McLaren: No, it's a sanctuary. I'm sure--if I got right down to it and asked a few people some questions I could give you a list of people where the Pacific Union Club, in particular, has saved a lot of marriages. That is a statement that would be hard to understand unless

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\*The Pacific Union Club, 1968 and Bohemian Club, 1973.

McLaren: you analyzed it. It is where the young husbands particularly have gotten into a row with their wives and instead of going outside somewhere and raising hell, they'll go to the Pacific Union Club and maybe drink a little bit too much while they're drowning their sorrow, and cool off, and then the couple will get together again. I know of a number of cases like that. Another aspect of it is the privacy aspect. Even during this trial period that we've been having (it's been quite successful, by the way) they've had a lot of wonderful parties up there. In that period there have been cases where members who haven't followed it closely may come in late, or they may be going down to the swimming pool or something in their bathrobe, and find a couple of ladies in the elevator, you know. So much for that. Now, do you want any more? Shall we go on with this any further?

Teiser: Yes, let me ask you about the hereditary aspect of the Pacific Union Club. I know there are many people who are members who have no forebears who were members. But if your father is a member, and you want to be a member, is it pretty certain that you will be?

McLaren: No.

Teiser: It isn't?

McLaren: No. I've known of many cases in which there have been one or more forebears directly in line--grandfather, or father, or maybe an uncle, where there's absolutely nothing on the positive side that would disqualify a man as a member but where the negative considerations have resulted in this failure to elect a man. I know of a man that has been elected recently who was first put up about thirty years ago, and several members of his family were old-time members--it was a very, very well-known family, a very well-known family name. So this man was put up as soon as he was eligible to be put in--when he was twenty-one. But he was absolutely negative, and he wasn't a mixer. When members inquired of their sons, "So-and-so is up," they'd say, "He's zero, don't you see." And it took that man, I suppose, altogether it probably took him twenty-five years to finally become a member of the club, and he's now the president of one of the most important companies in San Francisco. The same thing is true in the Bohemian Club, but I'd say that the emphasis upon the family is considerably greater in the Pacific Union Club than it is in the Bohemian Club.

Grove Encampments

Teiser: To go back to the Bohemian Club camps. You, I believe, mentioned to us that you were invited, or however the procedure is, to become a member of Stowaway Camp by--

McLaren: Bernard Ford.

Teiser: His father had been a friend of your father?

McLaren: Bernard Ford's father was the best man at my father's wedding.

Teiser: Does somebody in the camp invite you to be a member?

McLaren: The pattern, of course, has been in effect since way back in the very early nineties, early nineteen hundreds. There's a man in southern California right now who is executive vice president of one of the largest companies down there--one of the top ten companies in southern California without any doubt. There's a San Francisco man that moved down there who's been a member of our camp quite a while, and he has large social dealings and business dealings, and so forth, with this other man. So he, a year ago, brought him up as his guest to our camp. That gives us a chance to look him over. And he pays all the expenses, you see. So the man was well received, but our camp is fairly full now, and this man is a pretty canny guy--he wanted to be sure that he was joining the camp he'd be most congenial in, and so he had invitations to split his time and visit a couple of other camps. Well, he got through that process this year, and now, I think, he's going to be invited to become a member of our camp. Now, when he is invited and if he accepts, then in addition to his initiation fee that he pays the Bohemian Club, in this case, he has to pay a fee for entering our camp.

The way we work that is (this is really simplicity itself) when a man pays his initiation fee, it gives him an undivided interest in all the property--everything we own--but if he resigns as a member, or if he dies, or ceases to be a member for any reason, then bingo--his estate doesn't get a darn cent, it all comes back into the common pot again. That's the way the thing works. Now it would be undemocratic, in a way, if you had a camp, as most camps are, there are some very good rooms with a fine outlook, or this, that and the other thing, or it's a larger room, or sunnier, and that's much better than a room down the line a little way, and so if you just simply made these things subject to change, the members could bicker among themselves, and perhaps enter into a bidding match with one of the rooms, you see, with the man's estate. So that's the way we work it. It's all very simple.

- McLaren: Of course, in the Pacific Union Club you have an entirely different situation. They're proprietary memberships, but they're not for sale. You see, they're just for a lifetime. I've gotten myself into a pretty good position in some of these clubs because they have a rule at the Pacific Union Club that if you've been a member for fifty years you don't have to pay any more dues. Well, I've been a member for fifty-five years, so it makes it quite reasonable to be a member. If there's a big assessment for something, you don't have to pay that either. [Laughs]
- Teiser: I see you're an honorary regular member of the Bohemian Club. What does that mean?
- McLaren: I don't know what it does mean. It means that there are a group of people like that-- They have several classes of honoraries. That is what they call it; the list of fifty is another one. It simply means that you have reduced dues as a token of their appreciation-- that's what it means. It also means (this is a rather sordid aspect of it) when you're made an honorary member that that immediately creates a vacancy so that they can go out and collect a brand new initiation fee and continue to collect dues from the new people, so they're not losing anything on the deal. [Laughter] That's a rather cynical way of expressing it.
- Teiser: Do you want to speak now about your associations with Mr. Hoover and Mr. Eisenhower at the Bohemian Club?
- McLaren: Yes.
- [Tape turned off]
- McLaren: There are a couple of slips in there, so will you take where the first slip is and see if there is anything written on the slip.
- Teiser: Let me put the name of the book down on the tape first. It's called In Review, the pictorial autobiography by Dwight D. Eisenhower. It was published in 1959 by Doubleday & Co., New York.
- McLaren: Is there anything written on the little slip?
- Teiser: 1948 it says.
- McLaren: All right. Now look at the next one.
- Teiser: The next one is December 18, 1950.
- McLaren: All right, now look at the next one.
- Teiser: The next one is January 4, 1952.
- McLaren: January 4, '52, yes.

Teiser: The next one is Republican Convention June 4, 1952. And then July 12, '52.

McLaren: Okay. Head it "Dwight D. Eisenhower." Harry Collier and I were the co-captains of the Stowaway Camp for a number of years. In the early summer of 1951 he told me that General Eisenhower had indicated an interest in visiting the Bohemian Grove, and that a tentative schedule had been worked out if we could take care of him at the Stowaway Camp. Everything proceeded smoothly and the General arrived for the second weekend of the encampment, in the middle of July. It was my good fortune that we became quite congenial from the very start. He liked to play bridge, and so did I.

Teiser: You must be a good bridge player. I understand that he wouldn't play with anybody who wasn't very good.

McLaren: [Laughs] And we played as partners whenever possible. It had been arranged and highly publicized that the General would make the lakeside talk on the second Saturday. It so happened that I was seated next to a prominent Republican politician from Ohio (who later became a member of Eisenhower's cabinet). The immense crowd thoroughly enjoyed his speech, as shown by the long, continued applause at the finish. As we got up to start away, I said to my political friend, "How did you like that speech?" He replied, "Hell, it was a political speech." I said, "Did you ever hear a better one?" He thought for a minute and said, "No, by God, I haven't." [Laughter] This was one of Taft's closest supporters, the fellow that said this. (Next year was the convention and the President almost beat Taft on the first ballot.)

Unfortunately, that same afternoon, Eisenhower had a telephone message that his wife was not well, so he had to shorten his stay at the Grove.

Teiser: Was he a good bridge player?

McLaren: Yes, he was darn good, darn good. Of course, General [Alfred] Gruenther was his chief of staff, and apparently he was the one that was always--when he was at West Point he'd always come down and referee the big professional matches in New York. Nice guy, too. Now, remember all of this occurred within the year of the scheduled Republican convention--the 1952 Republican convention in New York. A few months later, while he [Eisenhower] was still at Columbia, I telephoned him to pay my respects, and he asked me to call on him that afternoon at Columbia, which I did. It was an extremely pleasant visit and led to many other meetings.

Teiser: Why did he call you Blackie? Do other people call you that?

McLaren: [Laughs] Well, when I was forty-five years old, my hair was absolutely black, and I was in a bridge game one time at one of the camps, and I was playing a bridge hand and one of the kibbitzers said, "Boy, you

McLaren: played that hand just as if you were Blackie Dore." Blackie Dore was one of these fictional things in Cosmopolitan, something in continued stories with a professional gambler, you see. So this fellow [said], "You played that just like Blackie Dore." Somebody else spoke up and said, "Why don't we call him Blackie." That's how I got the name. [Laughter] So, that was the significance there.

President Eisenhower and the Prime Minister of Pakistan

McLaren: I gave Mrs. Morris a copy of all those letters.

Teiser: Yes, I have them right here. And I put them in order. Do you want me to tell you about them?

McLaren: All right.

Teiser: In June '53 you had invited him to the Grove and he said that he wasn't able to come.

McLaren: Yes.

Teiser: Again in June '53 he replied about the '54 encampment, and he said he didn't know, he hoped he could. Then in '54 in January he invited you to a stag dinner, informal stag dinner, at the White House. Do you remember that dinner? Was that interesting?

McLaren: Yes. Well, the thing that was interesting to me was that they had these people from all over the country, and when we sat down at the table, I was on his right. I almost fell through the floor, it was a highly pleasing experience. I got to know him awfully well.

Teiser: What sort of a group was it at that meeting? Were they business people, political people, everybody?

McLaren: I would say, putting it a different way, I'd say the friends of the Republican party. A lot of them were substantial contributors, others were active. There were, I think, three or four people from California--one of them was Dave Zellerbach, the head of Crown Zellerbach, and pretty well-known people. Very, very informal. Of course, it was a black tie affair, and afterwards we went to this little--oval room I think they call it, and stayed there chatting, in which he took a very active part for, oh, perhaps an hour and a half, and all of a sudden he got up and said, "Well, time for me to go to bed, gentlemen." [Laughs] And away he went.



McLaren: There's one letter that I couldn't find. I'm sorry that I couldn't because it was so darn personal. He had this sergeant who that been with him for years and years, so when it came time to come out the second time, which was the time of the Republican convention, he said, "Would it be possible for me to bring this black sergeant along?" And he went into great details about how helpful this man had been to him and so forth. So, unfortunately, I just looked everywhere for the letter because it was such a human letter--his attitude about this man who had been so helpful to him.

Teiser: You said that the people who were at the dinner were political supporters. Had you been active in working toward his election here in California?

McLaren: Oh, yes. Well, let's see. What was the date of that--

Teiser: The dinner was '54.

McLaren: '54. Well, the election, you see, was in '52. He took office in '53.

Teiser: This was the beginning of '54. Wednesday, February 10, was the dinner itself. Then you have another letter here from him about some curious incident that I can't make out about the Prime Minister of Pakistan. What in the world did he do?

McLaren: Oh, gee.

[end tape 11, side 1; begin tape 11, side 2]

Teiser: What did the Prime Minister of Pakistan do?

McLaren: One day I had a telephone call from the Bohemian Club, and whoever it was called said they'd had a telephone call from the White House and that the President was anxious to have a guest card issued to the Prime Minister of Pakistan, and also had suggested that they get in touch with Stowaway Camp to see if we could put him up there. Well, so what? So, obviously you have to do it. So we scouted around a little bit--the Prime Minister had only been here a short time, he was on his way back to Pakistan, you see, and that's how he happened to be here at the time. So we arranged this. He was told--indoctrinated very, very fully in what happens at these lakeside talks that he was supposed to have this limited time, and we sort of drummed it into him. And so this guy got started and he was a graduate from Oxford--spoke good English, but he got going on this speech and he went on and on and on, and finally they had to practically throw him off. It was very embarrassing to get him to stop.

McLaren: Of course, I had gone up and listened to this drivel, and the Pakistanis never take any alcoholic liquor, so the only way I got paid for my services in the matter was to-- This guy was up in his room or something, and I was talking to somebody else, and I was cursing him for his rudeness. I had been present when he was being indoctrinated, and he nodded his head as if he was going to go along with it, and so I said to somebody, "Now, I suppose he'll make a damn fool of himself at dinner." "What do you mean?" "Well, he's not supposed to take anything to drink, but I bet you five dollars that he has some wine for dinner." The other fellow said, "I'll take you up." So he didn't even wait for dinner. Before dinner he knocked off a big glass of wine. At least I got five dollars out of it. He was just terrible. I thought the President's reply was so apologetic for this guy, it was really quite cute.

Society of California Pioneers and University of San Francisco

[Date of Interview: August 16, 1977]  
[continuing tape 11, side 2]

Teiser: You were going to say a word before we went back to the Bohemian Club about the Society of California Pioneers.

McLaren: I have described earlier the celebration by the Society of California Pioneers to commemorate the ninetieth anniversary of the laying of the golden spike. I have been a member of the Society for more than forty years. Although my grandfather, Dr. Ashe, was one of the founders, my interest originated through my intimate friendship with James Irvine. The Society was one of his hobbies which he supported generously. The question had been raised as to whether the Society qualified as a tax-exempt organization which, of course, meant that if this status were attained dues and contributions could be deducted for income tax purposes. Mr. Irvine asked me to look into it, and somewhere along the line asked me if I were eligible under the limitation of the bylaws with respect to time of arrival in California. Unless you were a direct descendant of someone who had actually been in California before midnight on December 31, 1848, you were not eligible for membership. I told him that I was quite sure my grandfather qualified so he checked the situation with the office of the organization and was told that my grandfather was one of the founders. In the early thirties I became a director and have continued to serve on the board ever since.

Teiser: Did it then become a tax-exempt organization?

McLaren: Oh, yes.

Teiser: It had not been before then?

McLaren: Well, there was some doubt about it. The question was raised, you see. Yes, in a very short time we established the fact that it qualified, so it made quite a difference.

Teiser: At one time there was considerable improvement of its museum, and an effort made to keep it open to the public. Do you remember if there was any relationship between that and its tax-exempt status?

McLaren: I think that's an interesting point you've just raised because it did alter very materially the emphasis which is placed on making the valuable collections available to more people. To encourage school classes and the like to come in. So the very fact that the question was raised turned out to be of really considerable value in planning for the future.

Teiser: Did the question come up after the California Historical Society had moved out of the premises?

McLaren: No. No, that was considerably before that.

Teiser: Did it have anything to do with the Society deciding to ask it to leave?

McLaren: It had a bearing on it, yes.

I think the record should show that Mr. Irvine was one of the major financial supporters of the Society, and that upon his death the James Irvine Foundation, from the very start, selected the Pioneer Society for substantial grants. As a result of which, the Foundation renamed the building which it owns on McAllister Street; in large letters in front of the building there appears "James Irvine Memorial." See, the whole thing sort of ties in together. And that is true right up to the present time. We still, when the proper occasion arises in the Foundation, we support the undertakings of the Society.

Teiser: It's really a most unusual organization, isn't it? Is there another organization that you belong to that has a hereditary qualification?

McLaren: The only other one I belong to is the Society of the Cincinnati.\* That has real qualifications. You have to be a direct descendant of an officer of the American Revolution to qualify for that.

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\*See Appendix.

Teiser: When we are discussing the James Irvine Foundation, I believe it has also been interested in--maybe James Irvine himself was--in the University of San Francisco.

McLaren: No.

Teiser: How did it happen that you have a building named after you at University of San Francisco?

McLaren: Let's start this grammatically. The only person that made it possible was Mr. Irvine's litigious granddaughter who kept bringing more suits all the time, including eighteen in which I was at least a co-defendant. If it weren't for her, that building would never have been built. [Laughs] Now, to explain this cryptic remark, she brought suit many years ago (we'll say ten or fifteen, time doesn't matter) to have the trust created by Mr. Irvine declared illegal and invalid. And so when the suit was filed our attorneys told us that as trustees of a charitable institution of which the beneficiaries are the people of the state of California, that if we continued to make charitable contributions in the normal manner, and we lost the suit and the trust was declared invalid and the property turned over to the Irvine heirs and taken away from the Foundation, that then the individual trustees of the Foundation would be personally liable for their share of any contribution which was made in the meantime. So naturally we stopped making contributions.

The case finally went to the United States Supreme Court where her final appeal was turned down. In the meantime we had accumulated three years' income, so that we had three times as much money to spend as we would ordinarily at any one time. So at this point I had been quite active as a regent of the University of San Francisco, so one of our people who knew the top officers had a confidential chat with them without mentioning to me at all, asking him if they would be interested in a gift of a million dollars to put up a building. And, if so, would they have any objection to calling it McLaren Hall. As might be expected the good Catholics were very happy to make such a deal. So, that's the way the whole thing happened. [Laughter] Does that answer your question?

Teiser: How did it happen that you were a trustee of USF?

McLaren: It happened because of a man named Jim Black, James B. Black, who was the head of the Pacific Gas & Electric Company. He was a Protestant. One day he called me up and said, "I've just been having a very interesting meeting, and I want to ask you if you'll discuss the same subject with Father [John F.X.] Connolly who was president of the University of San Francisco." And I said, "Well, that's a sectarian institution." He said, "Yes, that's true, but

Teiser: I think you'll enjoy meeting him, and I think you'll be very much impressed with what he has to say. I certainly was." So, I arranged a meeting with Father Connolly, who I found to be a really delightful man. He first established the fact that my family had been interested in San Francisco a long time, and then he said, "Do you realize there's only one established university of sufficient academic standing to qualify among the first-class colleges on a national basis, and that's the University of San Francisco." I said, "I hadn't realized that, but I can see how that could be."

And he said, "A city like San Francisco is entitled to a first-class university, and therefore we've had a change in policy and instead of operating and emphasizing the sectarian aspect of it, we are now going to change our emphasis entirely and make it San Francisco's university, San Francisco's own university for all the people of San Francisco. Now," he said, "In order to get this thing over to the public, what I was talking to Black about and what I want to talk to you about is the feasibility of reorganizing our board of regents so that they would be really representative of the city of San Francisco, which would mean a substantial number of Catholics, Protestants and Jews." And I said, "I really believe that it can be done." I became quite enthusiastic about it, and so the third member in the group--well, there were really four--the third one was Charlie Kendrick who was a Catholic, and the fourth was Marshall Madison who was, of course, the senior partner of a large law firm here. At that time Marshall Madison was an Episcopalian, although he later became a Catholic.

That was the way the whole thing got started. And after we had done a lot of preliminary work we started a campaign, we raised quite a lot--we had a very successful campaign financially, and took care of a lot of their needs, and as a result of that three or four substantial contributions toward buildings and equipment and that sort of thing were made by various individuals. Mr. Kendrick and his family contributed the money for a new law school building, for example, and then this other thing came along. Well, we worked with them very, very closely and for a while it looked like it might possibly fall through because of the emphasis some of their own people placed on the importance of various aspects, but eventually it worked out. And now it's a building that has the only large convention hall [McLaren Hall].

Teiser: Yes, we go there to meetings and events. And there is a big hall as you say.

McLaren: Yes, and it's very cleverly done. It can be divided into three separate halls, or spread out for one great big one, too. I think that architecturally it really was a swell job.

- Teiser: It works beautifully and it's very pleasant to be in. Was Mortimer Fleishhacker very active in that, or was he just a member?
- McLaren: He really didn't get into the picture until quite late. He was a very good chairman of the board of regents, but he was only there for a comparatively short time.
- Teiser: He died too young, didn't he?
- McLaren: Yes, he was a fine citizen.

### Plays, Skits, and Speeches

- Teiser: Back to the Bohemian Club then, perhaps.
- McLaren: All right. It developed in earlier conversations that the things that have been of greatest interest to me in the way of hobby field has been writing of various sorts. So that when I got into the Bohemian Club in 1935 I was all prepared to spend some considerable time on writings, wherever appropriate use might be found. So I had only been a member a short time when summer came along. We had a house at Tahoe and the family would stay all summer, two or three months--two months we'll say--and I'd come up for long weekends. In the meantime, I wouldn't have anything to do in the evening so I conceived an idea that resulted in quite a bit of hard work, and that was to write a play for the club to be used whenever they deemed appropriate, which was based on an imaginary bridge game between Hamlet, the Merchant of Venice, and Lord and Lady Macbeth. The basic idea was to review plays in which the four characters were involved and then to parody the actual speeches in the play and tie them into this bridge game. And it took a lot of reading and a lot of work.
- Teiser: (That's in Shakespeare in Bohemia.)\* I can tell because it's very finely put together.
- McLaren: [Laughs] So I finally finished it and sent it into the club just for the contribution, and it just happened to hit the Jinx committee in a good mood, and so within six months or so of that this play was produced, and well received. Then, two months later, they had the annual ladies' night at the club and so they did it

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\*Copy in Mr. McLaren's papers in The Bancroft Library.

McLaren: again for this ladies' night. [Laughs] Well, to summarize, I'm not sure, of course, of the exact number, but I'll say, I think, that little play has been produced at the Bohemian Club at least ten times. And, in addition to that, other organizations (particularly a couple of women's clubs that I can think of) have permission to use it and have done so. It had a rather interesting history.

Teiser: You wrote other things then too.

McLaren: I can remember the first time I was a "sire." (The word "sire" means the master of ceremonies in Bohemian language.) My first job as a sire was the following year--Thanksgiving, for the Thanksgiving dinner--and I wrote a little skit that was done on that occasion. Then from time to time--I can remember one that I enjoyed very much and it seemed to go quite well, to celebrate William F. Crocker's either fiftieth or sixtieth anniversary as a member of the club. That was one I enjoyed particularly because I used a number of parodies on a number of popular songs and a hymn or two, and that seemed to go over pretty well. The whole theme was mainly Mr. Crocker and his secretary, and all these various people such as the bishop of the Episcopal church and the president of the University of California, and these other characters who all came in on the same errand--they all wanted money, you see. So finally Crocker told them all to go to hell. That was the skit. But, anyhow, it was fun writing it and it went over quite well.

And then in the next year, which would be 1936, Jim [James W.] Paramore and I had written most of the shows for the University Club in the old days, and he was a rather new member of the Bohemian Club at that time, so we decided to try our hand at the Low Jinx, so we tried these Low Jinx.

I might explain what I've always conceived to be the measure of success of a Low Jinx, The Grove play is the serious, opera type, and a very, very serious play throughout, which depends upon the use of the natural amphitheater up there. The lighting end of it is very important, the chorus work is exceedingly important, and the ability of the people chosen as the principal singing stars is also very important. On the other hand, the Low Jinx, as its name implies, is more or less of a bawdy show. I think its ultimate success can be measured in one way as to vulgarity, but in a suggestive way, how many synonyms the authors can find for the word "sex." So that the emphasis has always been on good fun, not necessarily too clean. So we tried our hand, and took as a plot Lysistrata, the famous old Greek work. And that, you may remember, was the case where the wives all got together and struck against their husbands and the weapon they used was not having anything intimate to do with their husbands until their demands were satisfied.

McLaren: So we took that as a basic theme, and added a strike on the part of the secretaries in men's offices, you see. The title of that, by the way, was Ladies in Labor. And that got over pretty well--it turned out to be a successful show. Then after that, over the years I was continuing to write plays and things for the Club, occasional songs and so forth, until we got up to the year 1941. In 1941 the youngster in my office, David Dodge--do you remember him, the writer?

Teiser: Yes.

McLaren: He was just a youngster then. I got him into the Club, and he and I wrote a--I forget the timing on this. We wrote two things together; we wrote a Christmas play together, and then we also wrote this Low Jinx. First came the Christmas play.\* That was entitled Christmas Eve at the Mermaid, and it had as its cast of characters Shakespeare, Jonson and Marlowe, and the principal actors and writers of the time.\*\* That had a rather interesting aftermath because it was well received, and then about in the very late forties or early fifties [1959] all of a sudden something happened to the Christmas play that they had in rehearsal, and they found that it had some flaws in it too serious to be corrected, so they decided the only thing to do was to go back and repeat one of their earlier Christmas plays. So they went over all of the Christmas plays of the past and finally selected our play as the one to take the place, which was really quite a compliment, we thought. So that was the history of that one.

And then, getting down to the year 1941, Dodge and I wrote a Low Jinx that was called Warm Springs. The reason we got that title was that the--it was the time when they had these priorities on essential materials and so on, and so this man was the owner of a plant that made bed springs and he couldn't get any priority. So the whole show was about priorities, the allocations and priorities. I remember one of the features was that everything was at a critical point by the end of the show, so at that juncture in came on the stage Lawrence Melchior on a bicycle singing this song "Allocations to You" instead of "Happy Birthday to You," and that was a rather unusual touch in that play. Anyhow, it was well received, but here's the little human interest that come into it.

[end tape 11, side 2; begin tape 12, side 1]

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\*While president of the Bohemian Club, Mr. McLaren also wrote Christmas poems. See next page for his 1952 poem.

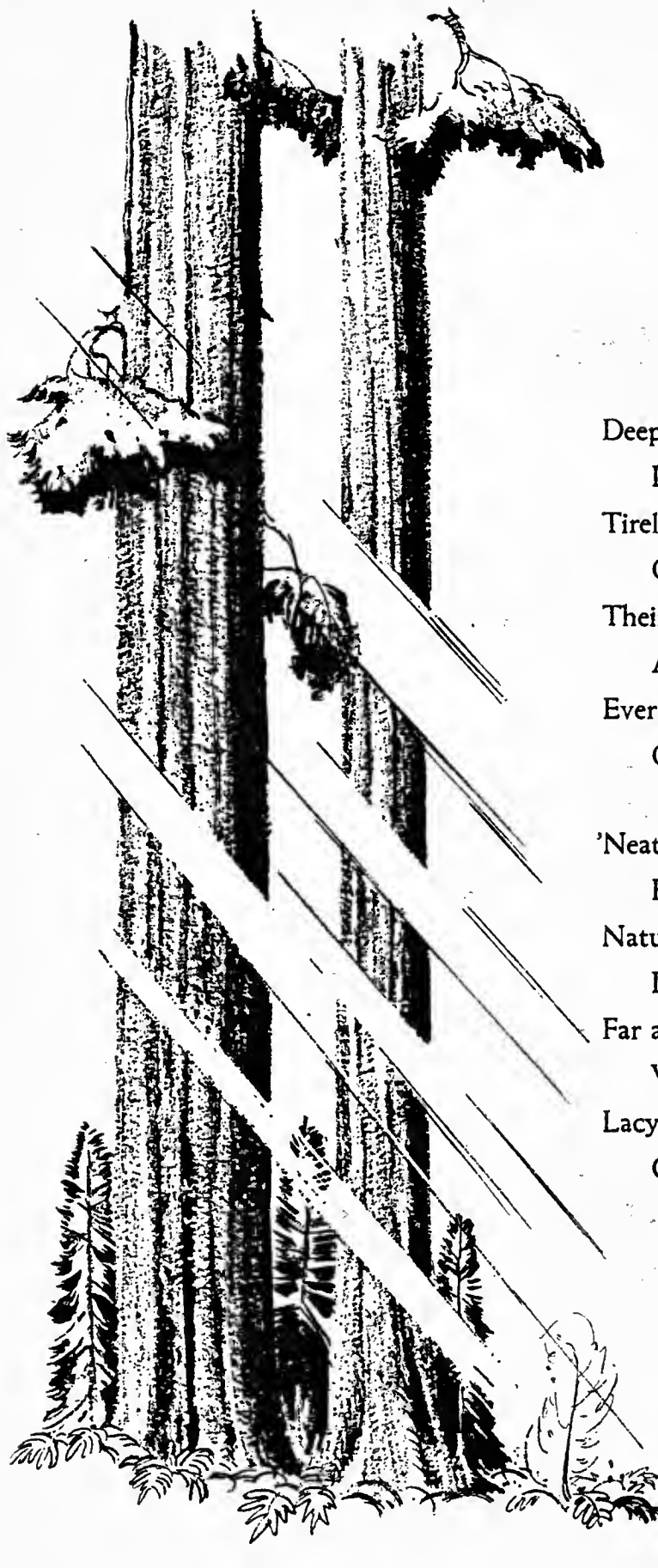
\*\*Copy in supporting documents.





**P**erching above in lofty solitude  
The wise old Owl looks down upon his brood,  
And as the holy day of days impends  
This cordial greeting to his fledglings sends:  
"All ye who in the Owl's domain abide,  
Meet with your fellows at this Christmastide.  
Pine logs are crackling in Bohemia's halls,  
Bright holly wreaths are glist'ning on the walls.  
So gather for the Yuletide holiday,  
Rejoice in carols and the Christmas play,  
Bohemia's Owl would celebrate with thee  
The glorious day of Christ's nativity."

Loyall McLaren, Sire



# SEQUOIA SONG

Deep within the forest verdant

Lo! the great sequoias rise,  
Tireless guardians keeping vigil

O'er the woodland paradise.  
Theirs the awe-inspiring grandeur  
As they tower straight and tall,  
Ever green and everlasting,  
Oldest growing things of all.

'Neath the grove of stately redwoods

Beauty lies beyond compare—  
Nature's masterpiece of verdure,  
Loveliness is everywhere.

Far and near the ferns and foliage  
With the dainty boughs entwine,  
Lacy leafage, kist by sunbeams—  
God's eternal valentine.

LOYALL McLAREN  
*Christmas, 1952*

McLaren: Melchior had gotten into the spirit of the thing and he had a tremendously wide range, about twice the average singer. So this was his idea that he insisted upon, and every line he'd go up one note, into a different scale, throughout this whole song. So he started in as a bass and at the top he was way, way up; it was really sensational.

Here's the human interest aspect though and it's worth recording. When I got settled in Washington, when I'd received my commission and was definitely moved back there--the work I was in wasn't particularly important at the beginning, and then this question of renegotiation of excess profits on government contracts came up, and so the Renegotiation Act of 1942 was passed in May, and I was right in the thick of it. I was in with the army and some other groups in preparing regulations under the new law and that sort of thing. In the meantime, I'd just dismissed from my mind anything to do about this play that Dodge and I had written, the Warm Springs affair, thinking it would never be held, but they decided to go ahead and have it anyhow because this whole subject of allocations was very much in the public interest at the time. So the chief civilian procurement officer for the navy was a man named Frank Folsom. He had started in San Francisco, had been an important official and finally the head of Hale Bros., and then he had moved to Chicago, and he was the head of a very large department store there, and then he'd been asked to come down to Washington on some special assignment. They had some trouble and they were quite impressed with him so they made him the chief civilian procurement officer for the whole navy. Well, as was the custom, everybody, as they got down the line if they were important at all they'd have their own little cabinet and they'd sort of have cabinet meetings the way that the president does. And I was in Frank Folsom's cabinet. I'd known him--he'd been a long-time member of the Bohemian Club.

One day in the early part of July, 1942, he called me on the telephone. He said, "Loyall, come on over, I've got something I want you to read." I said, "What is it?" He said, "Wait until you get here." I came into his office and his feet were up on his desk, and he said, "Sit down there," and he tossed this over to me. I said, "What's this?" He said, "Read it." He says, "Read it aloud." It said, "From Admiral So-and-so to Commander N. Loyall McLaren. On or about 22 July 1942, proceed by air to Office of the Commandant of the Twelfth Naval District, San Francisco, for special duty. Upon completion of same, on or about 24 July return by air to Washington." I looked at this thing and I said, "Say, that's the weekend of the Low Jinx." "Oh," he says, "what do you think this is all about? You're not very fast on the intake." He says, "Everybody knows that the Low Jinx is never repeated, and I didn't wish you to miss your own play." [Laughter] It worked out that way. I had a couple of days and saw the play, and then came on back to Washington. [Laughs]

Teiser: You had gotten to know Mr. Folsom quite well.

McLaren: Well, he's also in the Bohemian Club.

Teiser: I think you ought to put something down in this about your current writing activity.

McLaren: Wait a minute now.

Well, here's something that you could have just knocked me over when I saw this. [Handing book to interviewer] What does that say?

Teiser: That is the Herbert Hoover Oral History interview with N. Loyall McLaren. Will you tell about this?

McLaren: I had a telephone call from New York from this fellow who wanted to come out. They were doing this for the Herbert Hoover Memorial Library back in West Branch, Iowa. So that he came out and-- The minute he got started I said, "Here, I have to have one understanding with you." I know the Hoover family pretty well, and I said, "When it comes to intimate matters involving the family, I'm not prepared to go into that at all without the specific approval of the members of the family. In any event I can divide this into two or three things that are interesting, and one of them is the big dinner that we had for Mr. Hoover to welcome him into the Old Guard." Because that was one of the things I wanted to go into. And I said a couple of others, and let's let it go at that. At the very beginning I reminded him of this understanding we had, you see. But there are several sources of the material here. I didn't realize at that time that any record had been made of Mr. Hoover's speech that night, but it's in there, fully.

Teiser: Yes. Let me just put the title page of this on to the tape. Oral History Interview with N. Loyall McLaren by Raymond Henle, Director, November 5, 1971, at 44 Montgomery Street, San Francisco, California, for the Herbert Hoover Presidential Library, West Branch, Iowa, and the Hoover Institution on War, Revolution and Peace, Stanford, California. Copyright 1971, Herbert Hoover Presidential Library Associates, Inc. So, there's a copy at the Hoover Library at Stanford?\*

McLaren: Yes, yes. But I think it might be well to put in this part that you're doing now, the contents of this, because there are quite a few different things included, you see.

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\*And also a copy in Mr. McLaren's papers in The Bancroft Library.

Teiser: Yes, let me see now. "Herbert Hoover's Welcome into the Old Guard" contributed by N. Loyall McLaren, August 25, 1967.

McLaren: That's my account of it.

Teiser: Then this is a xeroxed copy of a printed folder, called "Bohemia Celebrates the Admission of Herbert Hoover into the Old Guard." You lent us a copy, and I remember this is the program of the New York event.

McLaren: That's right.

Teiser: Which took place on March 19, 1953.

McLaren: Then there's also something that I didn't have in any detail at all. They go on to the celebration in San Francisco in considerable detail. There were five hundred people in San Francisco, you know, at the club at the same moment.

Teiser: It was hooked up by telephone, wasn't it?

McLaren: Yes.

Teiser: You have very often been a master of ceremonies, have you not?

McLaren: Oh, yes.

Teiser: How did you start your career as a public speaker?

McLaren: [Laughs] When I got out of college and was trying to become known in the community, every time I had an opportunity to speak I did so, and I found at the very beginning that it was highly ineffective to just to read something, so that I got into the habit quite early making fairly copious notes, and not even having the manuscript of the speech with me. Like everything that you learn, the more you learn, the better it sticks to you.

Remember, too, that during this period I was in quite a lot of these civic things, too, where they required speeches under various circumstances. I didn't do anything in the way of speech-making, or anything of that sort, in my undergraduate days--had no courses at all dealing with that aspect of education. Well, everything went along fine until this eye trouble, and of course that changed the whole thing completely.

You asked about late [recent] writing a minute ago.

Teiser: Yes.

McLaren: Well, I've fussed around a little bit with things, and now that my duties with the James Irvine Foundation will be very, very limited, and I'll have plenty of time, I think what I'm going to do is tackle another Low Jinx. I've got a little kind of a plot worked out. The subject is racy enough, and yet not too improper. So I think I'm going to do that. You'll appreciate this because of your activities, but it's awfully difficult not to have a couple of books of synonyms around, you see. In other words, the only time I can get synonyms is when somebody else is here who can look them up for me. So it does make it a little awkward at times.

Teiser: Yes, you have to have somebody to work with.

McLaren: So there we are.

#### St. Michael's College

Teiser: There was a proposed St. Michael's College to be located near the College of the Pacific--University of the Pacific.

McLaren: Yes.

Teiser: That was an Episcopal college?

McLaren: Yes. That was started by a few rich people, mostly in the San Joaquin Valley, and they had the nucleus of a very, very sound enterprise, and then all of a sudden it bogged down. That was when I was called into it. On paper it looked practical, and it looked as if it wouldn't be too difficult to raise the money for it. There is no Episcopal college or university west of the Mississippi. And the registration of students in the important western colleges is very high from a standpoint of view of Episcopal families.

I was made chairman of the board, and then strengthened the board somewhat (added two or three people who seemed to be important to have on) and we started getting down to cases, and we found a totally deplorable situation. That was that the governing body consisted of all the Episcopal bishops in the West and the mountain states, and they all thought this was a very fine thing but, when we got right down to cases, all of them thought it was their duty where substantial amounts of money were being sought that their own needs were greater than anybody else's. So they wouldn't give--not one of them when it came to the showdown--would give us a priority. I went to the biannual meeting of the bishops which was held in Seattle three or four years ago, and I laid it right on the line with them. I told them exactly how matters stood, and said

McLaren: that unless at least a majority of the bishops would agree to give some real priority to gifts and would not attempt to divert substantial donors elsewhere (as had happened in a couple of instances I had given them), then we might just as well call the whole thing off. We were very frank on both sides, and finally at that meeting we just put the whole thing to rest. Closed it entirely. It was just an impossible situation. So it was a very worthy enterprise, and looked as if it had great promise, but we ran into this impossible situation. And I can't say that I blame these individuals very much, because they were having plenty of trouble as it was.

Teiser: How should an organization like that--how could it be financed then?

McLaren: It would have to come from some very, very large family group that between them would be able to raise up a start of four or five million dollars.

Teiser: I see.

McLaren: That would be the only way I can think of.

#### Grove Visitors and Other Associations

Teiser: Was there anything more about the Bohemian Club that should be added? I know that you can speak for years on that.

McLaren: I had to make a speech up there the other day.

Teiser: You did?

McLaren: It was very brief, but what I said was that a lot of people don't realize, especially guests who've never been there before, the peculiar make-up of the membership of the club. Unlike Shakespeare's seven ages of man, there are only three ages in the club there. The first is the regular members who bear the greatest financial burden, and the second is the associate members who contribute their artistic works of various kinds, and then the third is the Old Guard--to be a member of the Old Guard you have to have been a member of the club for forty years, so that most of the members of the Old Guard have one foot in the grave. [Laughter]

Teiser: Mr. [Gerald] Ford was there, wasn't he, this year?

McLaren: I had a call from Leonard Firestone who was having Mr. Ford as a guest at his camp, and he wanted to know about rounding the thing out, to give him an interesting time and enable him to meet as many

McLaren: people, useful people as possible. So I thought the thing to do was to have some rather small parties at two or three of the different camps. So, that's the way the thing worked out. The first night they had Ford at the Mandalay camp, which is Firestone's camp. And the next day we had a luncheon at our camp, and then there was a sort of a brunch at another camp, and then finally on the last day they went up to the Hoover camp where, of course, there are a lot of Republican politicians. At our camp we decided that the most useful way to do it would be absolutely contrary to our usual practice of entertainment. We wouldn't have any outsiders at all--just have the members of our own camp so that it would be on a strictly informal basis. In fact, the only thing we had was--there's a very talented piano player who comes out from New York--he's a member. He comes out every year, a fellow called George Fayer. So, he did a sort of a piano thing that was quite good. And then a very brief introduction, and then he was asked to speak, and then said he'd be glad to volunteer to answer questions. So the thing was done on a very, very informal basis. But he's a very, very attractive man.

Teiser: How many people were there at your camp lunch?

McLaren: Actually, we had thirty-five.

Teiser: How many people are in your camp?

McLaren: We only have about twenty-five in our camp, but of course every year we have a lot of visitors.

Teiser: But you said there were no visitors at this lunch?

McLaren: The visitors were all living in our camp as if all in the family, you see. You see, we have our own rooms there, and have the luncheon right on our own platform. So that made up the whole group.

Teiser: Is Mr. Ford a member?

McLaren: No, no. He'd never been in the Grove before.

Teiser: Has he never been asked?

McLaren: I really don't know about that.

Teiser: I thought every President was asked.

McLaren: Not while they're President. They are not welcome when they're President because then you get into the security business. Another thing about it, and this has come up time after time, when any



McLaren: suggestion has been made that a President be out as President, then immediately the whole press corps says, 'We're going to be there too. We're going to cover this.' They're nasty about it. Whenever that comes up, we just soft pedal it.

Teiser: Mr. Nixon was a member before he was President?

McLaren: Yes, that's right.

Teiser: I think he's in this picture at the Hoover dinner.

McLaren: That's right.

Teiser: How did the Club feel about him finally?

McLaren: Well, I guess it's a mixed opinion right now.

Let's see now if there's anything further that's really significant to add about the Club. Do we have anything about Mr. Hoover's gift to the Club of his lakeside speeches?

Teiser: No. He gave many lakeside speeches, didn't he? I should have asked you about them when you were telling the story about the Prime Minister of Pakistan. How long are the lakeside speeches supposed to be?

McLaren: They're supposed to be absolutely limited to forty minutes. Except under extraordinary circumstances they shouldn't be much over thirty. You see, they're just before luncheon. Everybody wants to rush back to their camp and have a drink before lunch.

Teiser: So Mr. Hoover gave many of them and then--

McLaren: He never missed. In my interview with this man, there's quite a bit there about the last time I persuaded him to come out--it's kind of amusing. And Hoover gathering together all his speeches.

Teiser: His speeches, yes, but you say you got him to come out for the last time?

McLaren: Yes. It's there. It's not in as a supplement, but it's in the main interview.

Teiser: Yes, you tell about it, about the security and so forth. That's fine.

What is that big brown leather-bound book there beside you?

McLaren: That came in a day or two ago.

Teiser: It's an album inscribed to you from Raymond L. Watson.

McLaren: Raymond L. Watson is the man who just retired as president of the Irvine Company, and he is starting with three or four of the top officers, starting a consulting firm to consult with people on development and planning of land holdings for various purposes.

Teiser: It was announced in the newspapers.

McLaren: Yes. And they're just starting in. He's been there seventeen years. As he says in his letter, his last undertaking he's trying to get the perspective of what's happened in seventeen years down there, and he thought the best way to do it was through photographs showing some of these various things that have been done. He has sort of a running account there.\*

Teiser: Yes. Here it says, "From cow pasture to shopping center."

McLaren: Yes, yes.

Teiser: "The development of the Irvine land." He says it's what percentage of--

McLaren: Well, one-fifth of Orange County.

Teiser: "Macro-planning," he says. Fascinating.

McLaren: I thought maybe I could turn this in [to The Bancroft Library] too.

Teiser: That would be most interesting.

McLaren: We can hang on to it for a while--I want to show some people.

Teiser: That's the end of the story, isn't it?

McLaren: Yes.

Teiser: That's really a story with an ending, isn't it, in your career too.

McLaren: It sure has ended now.

Teiser: I think when we started talking with you you were on the phone every few minutes about meetings.

McLaren: That's right.

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\*In McLaren papers in The Bancroft Library.

Teiser: I'm sure you're relieved.

McLaren: Yes. Well, the way it is now it's definite.

Now, another thing, I dictated this [paper] because I had a little time and I felt like dictating a little, about Irvin Cobb. The true incident at the Grove involving Irvin Cobb. C.O.G. Miller is another one.

Irvin S. Cobb

In the early part of my first summer encampment at the Grove, I had the pleasure of meeting Irvin Cobb. I found out at once that he did live up to his far-flung reputation as a superb entertainer. He had been elected a member of the Club in the late twenties and it is my best recollection that thereafter he attended every summer encampment until his death. He always wore a distinctive costume consisting of fancy boots, tights, a highly decorated leather vest, topped by a wide sombrero. After I had gotten to know him well, I was in a small group one afternoon when he made a devastating remark about a prominent fellow Bohemian whom he did not admire. I said, "Irv, that must be your masterpiece." "Oh no," he said, "My masterpiece was delivered in this Grove in the year 1925. That was my first year at the Grove as a guest of Jim Armsby. A day or two after my arrival, Mike Connell arrived at the camp and after being introduced to me said, 'Jim, a week from Thursday, we're having a dinner at the Lost Angels Camp for you and some of your camp mates. Unfortunately the accommodations are such that we must confine the guests to members of your camp who are native or adopted San Franciscans. About how many may we expect?' Armsby made a guess of about 20 and said he would confirm the number later. He added that as I was his personal guest he would appreciate an invitation to me as well. This Connell agreed to and departed. Jim then said to me: 'That so and so has something up his sleeve which he is going to spring at the dinner. So I want you to make it your business to ferret out just what he is doing and let me have the story so that you can help me out if necessary.'

"In due course, the Wolf delegation arrived at the Lost Angels Camp and I soon noticed an easel at the end of the room covered by a sheet. I then wandered around until I sighted a few bibulous members and in no time at all had the full story from them. The dinner began and at its finish, Connell called the meeting to order.

McLaren: He proceeded to make a patronizing speech comparing the virtues of San Francisco and Los Angeles and finally said that the former could no longer boast about its population as compared with the latter. He said he had the figures to prove it and asked that they be unveiled. The sheet was removed and certain statistics were displayed on a large placard which was headed:

Official Population Figures - U.S. Census of 1920

San Francisco	620,000
Los Angeles	590,000

Then in large letters:

MID PERIOD CENSUS RELEASED BY DEPARTMENT OF COMMERCE  
JULY 1, 1925

San Francisco	590,000
Los Angeles	1,010,000

Connell said that these figures spoke for themselves but perhaps Mr. Armsby could make some explanation or throw some light on the subject. Jim Armsby then replied that he would not stoop to a cheap argument with his host but, fortunately, his guest, Mr. Irvin S. Cobb of Paducah, Kentucky was completely unbiased so that his views should be helpful. During dinner, I had scribbled some notes on the tablecloth which I proceeded to read without further ado as follows:

San Francisco is standing still  
Los Angeles has its million  
The eagle lays one egg a year  
The blow fly lays a billion

That is the story of my masterpiece!"

[transcript resumes]

McLaren: Oh, there are several well-known people where I could toss in a story or two, but I think probably we have enough now on the Bohemian Club, we don't want to overdo that.

Teiser: Let me ask you something. When you had a free evening, when your family was away or something and you felt like going to a club, how did you decide whether to go to the Bohemian Club or the Pacific-Union Club?

McLaren: [Laughs] The answer is for twenty years I've gotten into the habit of going to bed quite early. One of the exceptions which over the years, this time has shrunk, too, was the so-called Thursday Nights

McLaren: at the Bohemian Club. Except during the Grove period and the Christmas season and a few other special occasions, every Thursday there will be some sort of a function at the Bohemian Club. The big main dining room has a raised stage at one side, and it's big enough so that they can put on shows that don't have too large a cast. So that for the run of the mill they hold the party in this room with a seating capacity of perhaps, oh, two hundred people, maybe a little more than that. Then from there on they can be quite elaborate.

There's a theater down in the basement which holds seven hundred and fifty people. There's a gallery, and they have a very fine lighting system, and it's just a fully equipped theater. For instance, we'll take this little thing we were discussing, Shakespeare in Bohemia, that would be on a full stage, you see. Then they have, of course, a lot of concerts. They have Avian camp, which is for the singers. Every year they'll have at least one show. The same way with the band, the same way with the orchestra, and so they just have this constantly.

Well, now, I used to go to those a great deal, but as time went on I'd sort of find it a little more irksome to stay up and so I'd cut it down to the more important ones, and then since I've had this eye difficulty I go to a very few. Only the ones where I'm supposed to be there officially. As a past president, they'll automatically--there's a number of things you're supposed to attend which I've so far been able to do all right. So, getting back to your question, you're talking about ancient history when you say-- The answer very definitely is that usually if I was able to, in the evening I would go to the Bohemian Club rather than to the Pacific Union Club at night. But in the day time it's quite a different matter. There, I've over the years with the exception of the two years when I was president of the Bohemian Club, I've spent far more luncheon hours at the Pacific Union Club than I have the other.

Teiser: The luncheons at the Pacific Union Club, are they likely to be working luncheons or just social?

McLaren: Oh, no, there are comparatively few business luncheons. We have these groups, this one we're about to give up finally after all these years. It's been meeting since the early thirties in New York. We're giving that up. That's called the Disputers.

Teiser: Who was in that group?

McLaren: Well, the spark plug has been Alan Sproul who was president of the Federal Reserve Bank of New York until he retired. And his brother Bob Sproul was one. And John L. Simpson who was a graduate of the

McLaren: University in 1912, I think, and Wallace Sterling, the ex-president of Stanford, and Morris Doyle, ex-chairman of the trustees of Stanford, and Don McLaughlin, whom you undoubtedly know. Has he ever had one of these things done, McLaughlin?

Teiser: I think so.\*

McLaren: Yes, I think so. He was a classmate of mine. And--well, anyhow, then, of course, Ken Monteagle was a member. Marshall Madison was a member, Ward Mailliard. There have been quite a number of deaths in the last few years, so we've decided to disband this year at the end of the year, as I told Mrs. Morris.

[end tape 12, side 1; begin tape 12, side 2]

### Kenneth Monteagle

McLaren: Now, do you want me to say something about Ken Monteagle?

Teiser: Yes, please.

McLaren: We were in the first grade of Grant School together--Grant School up at the top of Pacific Heights. Then we were at Pacific Heights School together after we got through primary school. Then we also entered Lowell High School together. Then came the earthquake and fire. So, about that time our parents plus the parents of two others, Ward Mailliard and Ted Eyre, decided it would be a good idea for us to get away from the lawlessness and general lack of control in San Francisco that existed after the disaster. So all four of us were sent to Taft School.

So we were roommates together, and then while we were at school Mrs. Monteagle's uncle died, and he was a very rich man, and she inherited a lot of money. And that naturally changed Kenneth's life and ambitions, and so on. Ken's family used to like to travel a great deal, and they'd like to take Ken along. He finally graduated, I think from the University of California, it was either two and a half or three years after I did, and we started about the same time. But we were very, very, very close friends in those days. Then the war came along, so it wasn't until about 1918 that I started seeing anything of him again.

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\*See Donald H. McLaughlin, Careers in Mining Geology and Management, University Governance and Teaching, Regional Oral History Office, University of California, Berkeley, 1975.

Teiser: Was he in the war?

McLaren: Yes, he was in the Ambulance Corps. Then we started in together, we got right back on the same basis in connection with the University Club shows, because he was the leading man practically in the whole thing, and as I say, I was one of the two people that did most of the writing for the shows. So we saw lots of each other at that time. But in the meantime, when I was first married and brought my family up in Berkeley, he lived down on the San Mateo peninsula, so that socially he and his wife were in a quite different group. Occasionally there would be parties--big parties--where we'd see them, but not so much. In the meantime, his mother, way back not long after the fire of San Francisco, had given the money to St. Luke's Episcopal Church, and also while we were in college, she had paid for St. Luke's Hospital in San Francisco. So that Kenneth took a great interest in the hospital, primarily, but also in the church to some extent. Then his first marriage turned out very badly, and he was divorced and shortly afterwards--we're getting down now to about 1928, or '29, and he married a very, very fine person who is still alive. So that from then on I've seen really a lot of him. He took his duties as president of St. Luke's very seriously, and devoted lots of time to it. For a while, years back, he was in automobile warehousing, but it was sort of a job that more or less took care of itself, so that he never had his nose to the grindstone, so to speak.

But he was one of the wittiest people I've ever met, and the most vivid memory I have of a ten-day vacation that was perfect was when he and my friend Virgil Moore, a lawyer from Washington, and I, went on a pack trip in the High Sierras. At the last minute there were two other people who were supposed to go, who couldn't, so that we had all the equipment for five people, and that reduced it to three, and we had this huge train of mules--I think we had something like ten or twelve mules, for example, and of course we had extra horses, and so forth and so on, and we had this trip together.

This Virgil Moore was interested in Republican politics, and he was from Kentucky and he knew the governor very well, so a couple of months after the trip was over we received invitations to go to this party at the Bohemian Club, and so the guests were all asked to come in Kentucky Colonel outfits--old fashioned clothes, and during the course of the proceedings, we were both presented with formal (authentic) certificates making us full Kentucky Colonels. But the wording was very, very unusual. In the case of my wording (Virgil was always very impressed with my ability as a bridge player) here I'm appointed on the staff of the governor of Kentucky with rank and title of Colonel of Contract Bridge Engineers. But he did it quite differently with Ken. Kenneth's simply reads, with the title of General, just General. He had him promoted above all the colonels, you see. So, we really had a marvelous time. [Laughs]

McLaren: Kenneth was a person that loved life, and I can't recall of his ever saying an unkind thing, and always joked. A lot of his jokes had barbs--when I joke sometimes unwittingly I'll hit a nerve or something, and people don't like being the butt, but Kenneth was never, never that way at all. He had a rather difficult time for the last two or three years of his life, especially with his eyes, but he was really a wonderful person. Is that the kind of material you want about him?

Teiser: Yes, that's just fine. His major contribution, I gather then, in public service, was St. Luke's Hospital?

McLaren: That was his major.

Teiser: Did he have others?

McLaren: Well, he was a former president of the Pacific Union Club. I think also the--no, I'm not sure of the Burlingame Club whether he was or not.

[end tape 12, side 2]



## IX WORLD WAR II SERVICE: NAVY PRICE ADJUSTMENT BOARD

[Date of Interview: September 14, 1977]

[begin tape 13, side 1]

Oil and Steel Negotiations

McLaren: I'd like to make this pretty informal. It's rather dry material anyhow, and I'm not going to bother about exact dates because I don't think they mean anything.

Morris: Yes, what we're interested in is the feeling and the process. How did you happen to get involved with the U.S. Navy?

McLaren: In the fall of 1941, I became president of the American Institute of Accountants which is the national body of professional accountants of this country. On Pearl Harbor day I was in New York preparatory to commencing a series of speaking engagements on behalf of the Institute in about eight cities. Word came of the Pearl Harbor attack and it was too late to make any change in the program, so together with several other representatives of the Institute, we proceeded to Indianapolis for a dinner meeting. Naturally, my prepared speech was predicated about this country's continued peace.

Morris: You didn't think the U.S. would be involved in active war at that time?

McLaren: No. Nobody did. It was an absolute complete surprise. I interpolated appropriate references to the Pearl Harbor tragedy, and particularly what appeared to be in store for us, but on the whole the dinner and particularly my speech were both complete flops. [Laughter]

Morris: I can't believe that.

McLaren: --As I expected. Next day at a large luncheon at St. Louis I threw my prepared text away and replaced it with a patriotic speech.

Morris: Now, how would you got about being patriotic to accountants? Were you going to mobilize them all for the war effort?

McLaren: Yes. This, of course, included a long statement as to the responsibility of the accounting profession in the prosecution of the war, not only in serving in important civilian posts but also in uniform. I had decided in the meantime that my only proper course was to enlist in the navy, which I proceeded to do.

Morris: Why did you decide--?

McLaren: For several months I had served as a civilian consultant to the Navy Department in connection with the broad new accounting and cost determination problems presented by the Navy's rapid expansion under the two-ocean navy program. That night there was a large dinner in Chicago. So after dinner I took a night plane to San Francisco instead of completing my speaking tour.

Before the end of the year I was commissioned as a commander in the United States Naval Reserve. After two brief assignments on the Pacific coast, I was ordered to Washington and the Cost Inspection Service.

Morris: Was that what you'd been helping to set up as a consultant?

McLaren: Yes. With somewhat similar duties as my earlier service.

Morris: Which were?

McLaren: The principal assignments involved reports on the efficiency of the conduct of the larger cost inspection offices in the various naval districts.

Morris: Primarily the operation of the naval districts, or more the procurement of ships and other materials?

McLaren: This assignment had practically nothing to do with procurement. Suddenly a brand new factor appeared which completely changed my naval career. This was the enactment of the Price Adjustment Act of 1942--in the early part of May. A group of my associates and I followed the progress of the act closely through its final passage. And then the army and navy were assigned the task of writing regulations.

Morris: When you say you followed its passage closely, does that mean accountants were involved in testifying and developing--

McLaren: No, no. You see the whole thing was done in a great hurry, because of its urgency.

Morris: What was its purpose?

McLaren: Well, we're getting to that. One of the problems was the fact that no law like this had ever been enacted before. All the principal branches of the government which were directly involved in war contracts were required to organize individual price adjustment boards. But, of course, by far the greatest involvement was on the part of the army and navy. I was not a member of the original navy board, but was appointed a member within a few months. Meanwhile, it became evident that a large staff of trained individuals would be required for the proper policing of industry.

Morris: What kind of--?

McLaren: I'm coming to that. Here, I was able to be of special help in my capacity as president of the American Institute in enlisting capable CPAs to get into uniform.

Morris: Why were they in uniform rather than civilian government employees?

McLaren: Because most of them were in the draft age anyhow, you see. Instead of the ordinary draft, ordinary straight enlistment, they knew that their services would be used in work in which they were experienced and were congenial.

Morris: Did that take any special regulations, or what not?

McLaren: No, no. From the beginning frequent regional meetings were held at which the various services were represented for the purpose of securing greatest possible uniformity. Also, there was a great demand for the services of the few individuals possessing the necessary familiarity with the problem to be adequate as speakers before many varieties of business meetings.

Morris: Was the business community alarmed by this?

McLaren: Oh, boy, they really were. I'm going to get in my little joke. At one large meeting in Portland, Maine, attended by lawyers, accountants, and bankers, the chairman of the meeting introduced me at great length. I suddenly realized that he must have obtained information about my past activities from the American Institute office in New York, or perhaps by reference to Who's Who. So, after he had gone at great length into inconsequential matters, he called upon me, and my response began by chiding him for having left out of his summary of my career two very significant accomplishments. I said, in the first place he neglected to say that I am a member of the National Geographic Society, and also that I am a member of the Book-of-the-Month Club. [Laughs]

Morris: Marvelous.

McLaren: I'm happy to say that this device has been borrowed frequently by speakers over the years. That kept cropping up, you know. I go to some meeting here and somebody will spring the same darn thing.

Morris: The same joke back again.

McLaren: Exactly the same joke. I thought that would be kind of amusing to put in here though.

Morris: Were these meetings organized by the navy, or by the American Institute of Accountants?

McLaren: The navy always. That was to say, not organized. They would be organized by somebody else but the navy would make the arrangements, you see. Whoever it was from the navy or the army would be the speaker for the occasion, you see, so that all these parties were actually organized in their own communities by various organizations.

One of the interesting problems from the start was the disposition of cases to individual services. This was particularly difficult in the case of large companies that had contracts with two or more governmental agencies. The problem came to a head in the summer of 1942 in the case of the petroleum industry. Going back to Teapot Dome in World War I times, the oil companies had been a more or less steady political target. And when it came time to assign these cases neither the army nor the navy were particularly anxious to become involved.

Morris: That's interesting. Why not?

McLaren: Because--for the obvious reason that at a later date the charges might be made from almost any source that the settlements with the oil companies had been too liberal. See how that follows?

Morris: I'm not sure that I do.

McLaren: Well, too liberal as compared with other industries.

Morris: Was there any feeling that the oil companies were taking advantage of wartime needs for fuel and charging what the traffic would bear?

McLaren: No, that wasn't the issue. Leave it this way for the time being anyhow.

Morris: Okay. How was it decided?

McLaren: Finally, the job of renegotiating the entire industry became a somewhat sour plum of the navy. Soon, however, we realized the great opportunity this presented, because of the fact that we were

McLaren: in the position to adopt a plan for the examination of these companies which would enable us to withhold any determination until we had analyzed the entire industry and were able to compare all of the various types of competing companies.

To this end, we prepared an extensive questionnaire which brought out the salient factors in such a manner as to permit comparisons between competing companies. We then called a meeting of industry representatives and ran into considerable opposition, particularly on the part of the lawyers. However, through various sources we were able to convince the leaders of the industry that all our objectives would be to determine excessive profits by reasonable standards, on a uniform basis. How did I start this sentence?

Morris: There was considerable opposition to this extensive questionnaire and you convinced the leaders that the objective would be to "determine excessive profits by reasonable standards."

McLaren: All right, period.

Morris: Were there cases of excessive profits determined?

McLaren: All right, now we come to the interesting part about the whole thing. From the standpoint of our popularity with the oil people we knew from the beginning that the amount of excess profits to be ultimately found would be comparatively small. This was due to a provision in the law which, in broad terms, exempted in the case of minerals gains from the first level of production.

Morris: The first level of production.

McLaren: This is technical, but it has to stay that way.

Morris: Fine. Does that mean taking the oil out of the ground?

McLaren: Yes, taking it out of the ground. Eventually, all of our reports on individual companies were completed, and comparative statistics were developed. I then arranged a meeting in Washington with Secretary of the Navy Forrestal which was attended by one of my assistants, I think it was Bill Allen, who was one of Wall Street's top financial analysts, and by his oil expert, Commodore Carter. We reported what had happened and why. When we got through we told--  
[end tape 13, side 1; begin tape 13, side 2]

McLaren: We stated that the final results were something of a surprise because not one of the major companies had earnings, under the provisions of the act, sufficient to establish excessive profits subject to refund.

Morris: The Secretary was surprised, or you were?

McLaren: He was astounded. And very unhappy. However, we'll come to that in a minute. There were perhaps three or four medium-sized companies which had negligible profits subject to refund, but none reached any substantial amount.

Morris: Profits subject to refund means return to the government?

McLaren: Yes. After a further discussion at some length with the Secretary catechizing us one by one as to whether the recommendations in the report should be followed, and everybody replying in the affirmative, he took a deep sigh and said, "Well, hand me my pen. I don't know where this will lead to politically and it may create problems that can't be settled for years, but I see no other alternative but to go ahead and accept the recommendations," whereupon he signed it.

Morris: Had some of the oil companies been concerned about divulging this kind of information to the board, that the questionnaire was asking for?

McLaren: Oh, sure, in the very beginning we had a hell of a time. I had a private meeting with the presidents of a bunch of these companies in New York and said, "Now, look here, we're all good American citizens. We're not attacking this job in a punitive way, but your people, some of them, don't want to cooperate. They're afraid of us." And fortunately, they had a private meeting afterwards and said they were behind what we were doing one hundred percent.

Morris: That's a very valuable comment. In reading the literature on accounting, I understand that apparently it's been a continuous problem over the years that some companies feel that their information should not be made available.

McLaren: Of course that was one thing I guess we'd better put in. When we assured the companies we would be equally fair with them, we also told them that everything--that all information of a confidential nature which they supplied to us would be protected to the full extent of our ability under the law. I guess it is a good idea to put that in right there.

Morris: And the fact that some companies have trouble seeing the logic of it.

McLaren: Yes, yes. Well now, let's turn this off. [Tape off briefly]

Morris: It must have been a very intense kind of a job altogether.

McLaren: Oh, very. In the spring of 1942 I had been made a member of Frank Folsom's "Little Cabinet." This was the formula all over Washington, where senior officers, military or otherwise, would gather their principal assistants periodically for "cabinet meetings."

When we were expanding our personnel, we experienced a big difficulty in persuading qualified individuals to serve as civilian board members. One of the stumbling blocks was the necessity of living in Washington. Also, there was considerable complaint on the part of contractors at having to attend meetings in Washington.

Morris: Because Washington was so crowded during the war?

McLaren: Yes. Well, I think that speaks for itself. An obvious solution lay in opening a Navy Price Adjustment Board office in New York. At every meeting of Frank Folsom's cabinet, he would go around the table before adjourning and ask if anyone had comments. My comment was always the same, "When are we going to open a New York office of the Price Adjustment Board." It finally worked and in the late summer of 1942 we commenced to function.

Morris: You said you had trouble recruiting civilian board members. Who did serve with you on that Navy Price Adjustment Board?

McLaren: Let's see how we go about this. There again, I'm trying to keep this informal. The chairman of the board when I came in was a fellow by the name of Kenneth Rocke, and later on a man came in from Chicago, but I don't think it adds anything to this.

Morris: I wondered if any of them were particularly important in your view to the work of the board.

McLaren: I came out and organized a San Francisco board, and selected the members myself--back in the early days of this thing.

Morris: So, there were regional boards under your--

McLaren: What they were were retired businessmen who had established very good reputations. One of them was a retired bank president, and they were all distinguished citizens. They, of course, were just on a part-time basis.

Morris: Right, that was another question. It was a full-time and more job for you, it sounds like.

McLaren: Oh, yes, sure.

Morris: You just left the running of the company here in San Francisco to--?

- McLaren: All of the civilian members were on a part-time basis, and they'd have to do whatever homework was necessary before attending meetings, but they didn't have to work every day, you see.
- Morris: They just came in to make rulings on the information developed by the staff people.
- McLaren: That's right. Then they would decide the amount of excessive profits, if any, you see.
- Morris: Did the steel industry also have special problems, being another major component of the war effort?
- McLaren: I had charge, personally, of the renegotiation of both U.S. Steel and Bethlehem Steel. Those were very, very interesting meetings because they had dealings with practically every procurement agency in the government.

I remember one time, at one meeting, U.S. Steel had, I think, twelve representatives, and each one of them was supposed to say their little piece, you see, as to what his particular division had accomplished in the war effort and the economies and so forth. The meeting started on time, and these people all trooped in and sat down, and when it got to be the lunch hour and they still had two or three of their people to call on. So, we took an adjournment for lunch, but here were all these government representatives. As soon as a few people got up, we asked these various people to make a statement for the record--hell, there must have been fifty people in the room, I guess, or damn near it. Finally, we got through to the last one, and just then word came that the steel people had come back.

Ben Fairless who was chairman was a very, very close friend of mine (I used to see him at the Links Club all the time). They all trailed in and Ben said, "I hope that you gentlemen enjoyed your luncheon as much as we did." None of us had left the room, you see. So I said, "Mr. Fairless, that will cost you an extra million dollars." [Laughter]

- Morris: With something like a steel company that, as you say, had contracts with almost every agency, would you negotiate the excess profits contract by contract or would you seek a block of contracts--?
- McLaren: No, no, no. The whole thing was in on an overall basis. For instance, Bethlehem had more shipbuilding contracts--they were the biggest of all, Bethlehem, biggest shipbuilder. And they wanted to negotiate all these in a batch. No, that wasn't what the law said, the law said you have to take all of your profits from every source and then on an overall basis determine if they were an



McLaren: excessive amount. Now, in doing that, you would determine--you couldn't just sign it off, you'd have to give some weight to the especially profitable ones, what special reasons were there for the profits in some division.

Working it out for those big companies was quite a job, and one where there was honest difference of opinion. So that from the time that we got our information together and wrote out our final reports until the actual settlement might be a matter of months of subsequent negotiations with them, bringing out new facts that hadn't been--either that we'd bring out or they'd bring out that should be reconsidered. So, with the big ones they were given a very, very thorough consideration.

Morris: That leads me to wonder if one of the purposes of this whole price adjustment process was to keep production going, and to keep the materials coming to the war effort while these matters of cost were being discussed and argued.

McLaren: Yes, it had that effect.

Morris: So that over the length of the war a lot of this was a matter of accounting. They wouldn't pass a check back and forth, would they, at the completion of each negotiation?

McLaren: Would you take this down while I think of it, because it's my other little joke. [Laughter] One of my New York friends was the head of a large holding company which had public utility properties. One day he asked me to meet him at the club that evening as he wanted to tell me a story while it was fresh in his mind.

When I joined him later he said that he had talked with a friend of his whose company had substantial naval contracts, and that the previous day he had attended a meeting of the Price Adjustment Board. He said that the chairman of the meeting was a captain and that he was quite impressed with the knowledge that the members of the board had acquired about his company before the meeting. He said that at the lengthy discussion about the merits of the case that the captain explained that it was not the aim of the board to take away every possible cent but rather to leave as much profits as possible, and that also the board was very jealous of its responsibility to treat all companies on an equal competitive basis. He added that the board would go into executive session, and as soon as they arrived at a decision they'd call him and his associates back into the room.

Apparently an hour or so later he was called back and he said that this captain then informed him of the board's determination which was an amount about ten times as much as he had anticipated.

Morris: That he was entitled to in profits?

McLaren: Yes. No, that's the amount of refund, you see.

Morris: To the government.

McLaren: The amount of refund to the government was about ten times what he had anticipated. He then said that the whole manner of presentation of this comparatively young captain reminded him of an old aunt of his whose hobby was growing cats. Apparently, she was so tenderhearted that every time a new batch of kittens appeared she would warm the water before drowning them. [Laughter]

[end tape 13, side 2]

#### War Plant Construction

[Date of Interview: September 22, 1977]

[begin tape 14, side 1]

McLaren: Well, where did we stop the last time?

Morris: We were just finishing up with the Navy Price Adjustment Board. One thing that I have come across in my reading leads me to wonder if your board had anything to do with government advances to corporations to enable them to build special facilities for war production.

McLaren: That was one of the factors that we attached a great deal of importance to in determining whether or not a government contract that had made excessive profits. As an example of that--this just might be of general interest to put this in. One important factor which the price adjustment boards were required to take into consideration--were required to analyze--was the extent, if any, to which plant machinery and other facilities had been supplied to the contract by the U.S. government. It was a curious fact that many able contractors just assumed after the plant was in that it would have no important effect upon the amount of the excess profits for a given period.

Morris: Even though the government had advanced them the money to build the plant.

McLaren: It was really quite remarkable that, it was very naive, you know. Of course, most of this type of contractor had been specialists in providing a certain type of equipment, probably suitable in a fairly limited amount of vessels.

McLaren: This problem sometimes had its humorous sides. For example, a Scandinavian contractor had a small plant part way up the Hudson River. And over the years he had had done considerable research in developing light weight furniture for officers' bedrooms, together with similar facilities. When the two-ocean navy commenced to function in 1941 the demand of such articles, particularly for use in the new destroyers, grew by leaps and bounds. Now, as I recall it, the net profit before taxes realized on government contracts by this Scandinavian operator was somewhere in the nature of four hundred or five hundred thousand dollars for the year 1940. The profit for the succeeding year was something over three million dollars.

Morris: That's quite a jump.

McLaren: [Laughs] I happened to be chairman of the meeting, of the formal meeting with our Swedish friend and, together with other members of the board, started to question him. We seemed unable to persuade him that he had made any excess profits at all. Finally, one of our older members asked him an historical question something like this, "I see by comparison of these two years that within the first year the facilities supplied on a loan basis to you in the first year have not been as productive during that period. But then came this remarkable increase in earnings. Did it ever occur to you that unless there was some such vehicle as the Renegotiation Act you would be guilty of rank overcharging of the government."

He said, "No, it didn't occur to me at all." Our member then said, "Do you feel that as a rather recent American citizen you have no feeling of patriotism towards your government at a time like this?" [Chuckles]

He replied, "Well, I'd have to think about that a little." Then our member said, "Well, now, don't you think that under the circumstances that you should refund to the government on your own volition a sufficient amount to bring your percentage of profit to a reasonable peacetime level rather than what your figures show?"

Our friend scratched his head and finally said, "Is that what you're asking me?" I ended the conversation by saying, quote: "No. That's what he's telling you."

Fortunately, we were able to review the man's figures with him and to obtain his consent without litigation to return a very substantial amount of money to the government.

Morris: Did you often have to go to litigation to resolve things?

McLaren: Oh, yes, every now and then. I'm glad you brought that up because you can see from just that one little story, it covers several angles of the kinds of problems we dealt with all the time.

Morris: Yes. Well, the ones about plant construction and providing equipment struck me as particularly interesting because they would then be assets that the corporation would have long after the ship had been built and gone on its way.

McLaren: Yes. In the meantime, the smart contractors in cases like that--there would be a building here and a building here.

Morris: Right next door.

McLaren: Right next door, but still quite a bit of space. They would make an addition, but they'd have some crazy architecture so the thing would come out on this angle and that angle and so forth and so on, completely blocking any further construction in that area. And making it virtually impossible to ever again use that area except as it lay architecturally. So, I mean, there wasn't a chance of selling that new thing in the middle to outsiders, you see. [Laughs]

Morris: I see. That was the kind of thing that Cutter Laboratories did, didn't they?

McLaren: I really don't know anything about them. I had nothing to do with them.

Morris: Had the original plan been that the government would retain title to some of that wartime plant construction and then dispose of it themselves?

McLaren: Oh, sure. That was the case everywhere, practically.

Morris: And you say that didn't very often happen.

McLaren: Oh, no.

Morris: In that respect, would you say that these wartime contracts then did have an effect on the postwar economy? In terms of the position they left some companies in after the war.

McLaren: I would say on the whole that the foresight on the part of these contractors left them in a position to use all of this new plant. If they wanted it. If they didn't want it, they could just abandon it. Because it wasn't theirs, it was the government's, and there wasn't anything in the contract where the government said they had to go on--

Morris: Doing whatever that was. Yes. So, in effect, if they wanted to they could thereby expand their plant capacity without having to use their own capital.

McLaren: Sure. For instance, they were under no compulsion to use any plant that had been put in by the government. But from the government's standpoint, if they put in a million-dollar addition, and there'd been of course depreciation, it had been running for several years so that cut it down, and then they would say to the government, this is at the end of the war, "Now, here, we analyze the situation and on the most favorable terms that we can imagine here in putting it on a sound business basis, that property is not worth more than five hundred thousand dollars to us. Although there's no question about its value being a million dollars at the start because that's the amount of money that was put into it. And so it's up to you to take it or leave it." Well, at that juncture the government would start trading with them and, I guess in most cases, the company'd eventually get it at some point. Because the more the government got off its own books the better off the government was, you see.

Morris: I don't understand why that would be. Why was it better for the government to get things off their books at the end of the war?

McLaren: Because the government wasn't in the shipbuilding business, for instance. There was no question it was desirable from the standpoint of the government, with rare exceptions, to get the hell out of the ownership of buildings required for construction during the war. No question about that. Of course, there would be some very important exceptions such as some of the airports and that sort of thing.

Morris: Yes, because government bodies continued to run the airfields. I was thinking about it the other way round. During the war buildings weren't built for government offices, and I've heard some concern at the amount of office space that government agencies had to lease.

McLaren: Remember there was great necessity for speed so that they just didn't have the time to make a thorough analysis of some of these things. They were needed very quickly.

Now how do we get a transition out of this?

Government and Industry Cooperation

Morris: I want to find out if you got promoted while you were serving in the navy?

McLaren: I was commissioned as a commander, and there was no change in status for about a year, a little more than a year, at which time I was promoted to captain. What I'm going to say is not in any sense affected by modesty because the truth of the matter was that the number of officers required for responsible positions in the navy grew tremendously between Pearl Harbor and the time our outlook had become much brighter, say in the latter part of 1944. [Pause]

Morris: Would the Price Adjustment Board have required you to be in personal contact with Secretary Forrestal?

McLaren: No, no.

Morris: The press clippings I found indicate that there were changes in San Francisco in your business. Was that why you didn't stay till the end of the war?

McLaren: Well, we were getting right close to the close of the war.

On several occasions I was asked if I would be interested in returning to Washington as the chairman of the whole Price Adjustment Board. My reply invariably was that since our New York office had been assigned an unusually large number of important cases, some of which presented important technical aspects, and also since we had become deeply involved in our office as the only renegotiator of the petroleum industry, I felt such a change would be unwise.

Morris: The most interesting action was in New York, then?

McLaren: Oh, sure, absolutely, absolutely.

Near the end of 1944 several changes had occurred which affected my personal life. The principal one was the death of my partner, Percy G. Goode. He had kept things together particularly in our San Francisco office--

Morris: Had his health been failing?

McLaren: No, not especially, and had been very helpful in a few personal problems that I had been confronted with since my enlistment.

After the meeting with Forrestal--

Morris: The one to discuss your survey?

McLaren: Wait a minute--after the meeting with Forrestal in Washington I decided to ask Secretary Forrestal to relieve me from active duty. Now, somewhere we go into considerable length as to why I asked him that. I don't know where that is.

Morris: Yes, that's in the notes that you wrote up for us on the United Nations. [See p.202]

McLaren: Yes. And also, remember, there was quite a bit about how much easier it was to renegotiate the second time around, and so forth, and the fact we would be able to release a lot of officers, so all of that comes in right there. That's where you add that.

Morris: And what was Secretary Forrestal's response?

McLaren: He responded. Absolutely, there was no question about it. He thought it was the right thing to do, yes. I had a letter from Forrestal as I was about to leave the navy in which he said some very nice things about the renegotiation work. [See illustration] Now is there any little side issue you can think of that--?

Morris: Yes, there is one that I wonder about. Did the technical aspects of renegotiating these contracts produced any new approaches in accounting and auditing? Did all of this wartime experience, you said you brought in a number of young CPAs into the service, did this all have any effect on the accounting profession?

McLaren: [Pause for thought] I've been asked whether any significant improvement in accounting techniques resulted from the work of the price adjustment boards. This is too broad a question to answer categorically because we were dealing with companies of every size and description. I know that several major companies in the petroleum industry adopted some of the techniques that we had developed for our comparative study of contractors within the group. On the other hand, if I had been given the authority to change the existing rules governing our, quote, "generally accepted accounting principles," and I had been able to persuade higher authority to go along, I should have been shot at sunrise. The reason is perfectly obvious, and that is that the time element was so important that one of the top objectives was to get out the salient facts as soon as possible.

Morris: I was wondering if this experience of all the defense contractors in going through some kind of price adjustment procedure made them more open to understanding of the need for accounting and auditing procedures.





THE UNDER SECRETARY OF THE NAVY  
WASHINGTON

May 14, 1944

Dear Loyall:

Thank you for your letter of the 12th. Every success I have had has been due to the fact that I have been able to draw upon the devoted service of the type of men that we have in the work of contract renegotiation. It is not easy to find a way of giving adequate expression, but certainly in the future when this show is over, I hope to let all hands know how much I have become indebted to them.

Sincerely yours,

*James Forrestal*  
James Forrestal

Captain N. Loyall McLaren,  
630 Fifth Avenue,  
New York, New York.

McLaren: Oh, no, no, the big ones knew that. Oh, no, we didn't give any education to the big ones, all we had to do was to get them in the mood where they would cooperate in the interests of themselves and all the other oil companies, and to protect themselves against future suits. That's all we did with them.

Morris: Was this a closer working relationship between industry and government than there had been before the wartime period, do you think?

McLaren: Oh, yes, no question about that. I'll never forget the first meeting we had with the, it was actually with Bethlehem Steel, and the senior partner of one of the biggest law firms in New York walked in and--I'd played bridge a little bit up at the Links Club so I knew him, you see. So, he made a big oration about this outrageous suggestion--

[end tape 14, side 1; begin tape 14, side 2]

Morris: The tape is ready.

McLaren: The attorney said that he had read the material in which we asked for lots of private and confidential information, it would be very dangerous if it fell in the hands of competitors, and that he didn't want to create the wrong impression but that as far as he was concerned he was going to recommend to his clients, Bethlehem Steel Company, that they not supply us with a damn thing.

And I said, "Well, Mr. So-and-so, I'm glad we've got to this point so early because it's certainly saved a lot of time." I said, "I want to thank you for explaining the situation to us, and now you can take the Constitution of the United States and put it back in your pocket because you're arguing that before the wrong tribunal. We don't have any lawyers in our office." [Laughs] And they turned out to be one of the finest groups that we ever did business with. Eugene Grace was a tremendous citizen.

Morris: He was the head of Bethlehem Steel, wasn't he?

McLaren: And he really was the head. A little, tiny story about that. In the latter part of December '44, one day he telephoned me, and asked if he could call at my office. I said, "Well, I think you're getting a little mixed up, Gene. Shouldn't it be the other way around?" Shouldn't I call at your office." So he said, "No, that's out of the question. What would be a convenient time? This won't take very long."

And so I fixed it for a day or two later. So he came promptly by himself, and he said, "I just want to ask you two or three questions to make certain that we're not doing anything that's

McLaren: improper." He said, "In the first year, you renegotiated our company." Now, these figures I'm going to give you now are very inaccurate.

Morris: In the ballpark, sort of?

[Mrs. McLaren stops in to say Good Morning.]

McLaren: Yes. "In the first year you renegotiated us. We made a refund to the government of ninety-one million dollars. And now we've had our second ordeal and this time only took away sixty-four million dollars. So, I'm forced to conclude that the worst is over for us. And, in fact, our profits are considerably less in this present year so that it ceases to be a matter of tremendous significance to us.

"Under those circumstances, I would like to have a dinner in your honor at the Links Club, on one condition. That is, it will be an informal affair. It will be a nice dinner, I assure you, with all the proper appointments, but there is only going to be one speaker, and that's me." [Laughs] "Now," he said, "Is there anything wrong with that?"

I said, "No, not as far as I'm concerned." I said, "This is confidential because I'm not positive how it's going to work out yet--"

Morris: This was when you were planning to leave?

McLaren: "There has been a change in my situation, so that by the time your company comes around for the third time I will almost undoubtedly be in some other activity." So he said, "All right, I've written this list of people." He was one of the regular bridge players. So that practically everybody he had on this list were people we both played bridge with at the Links. There were about twenty-four, or something like that, and there were some awfully important people there. [Laughs] So, sure enough, he did just what he said.

He finally got up and said that he wanted to explain the reason for the dinner and he told what our conversation had been. He went right down the line, and referred to quite a lot of names; he said some nice things about me, naturally, under the circumstances. So, then, nobody else butted in--he warned them he wouldn't let them butt in. So he got through and I didn't even reply to his remarks. And so we went downstairs after dinner and started playing bridge. But it was quite an unusual experience.

Morris: I should say so. What a nice gesture.

McLaren: Wasn't that nice? Oh, gee, he was a lovely person. The only thing I ever had against him was that he was a tremendously devoted follower of FDR.

Morris: He was?

McLaren: Oh, yes. As far as he was concerned FDR could do no wrong. Everything that FDR had ever done was justified.

[Phone interrupts]

Affects of Wartime on McLaren, Goode & Co.

Morris: Was it this wartime experience and being in New York that led you to participate in the lunch group of old U.C. colleagues?

McLaren: That would have happened anyhow.

Morris: Yes, but it began during World War II.

McLaren: Then the other thing was that, of course, in 1952 we went into Haskins & Sells, you see. That meant, particularly in the early days of that, that I had to be in New York a great deal lining things up and getting things to dovetail and so on.

Morris: But it started during World War II, when there was an unusual number of Berkeley graduates in New York for one reason or another?

McLaren: Well, no. Actually, they were stabilized way back in the early thirties. And while there were some changes in their organization-- we talked about that.

Morris: Right, this is the Disputers.

McLaren: They kept a rather level number. Every now and then they'd find some special reason for inviting somebody to come in. That is not stated there I don't think but they said the practical reasons for keeping it down to ten or twelve was that even in those days some of our people were getting to be hard of hearing so we wanted to be sure that we wouldn't have people who would make it impossible to carry on a conversation around the table with a group.

Morris: [Laughs] Oh, my!

McLaren: Actually, that was the limitation that they placed.

Morris: That's very sensible.

Morris: So, how did you find that McLaren, Goode & Co. made out during the war years when you were away?

McLaren: They did all right. Oh, yes, they did all right.

Morris: Even though so many people were off in the service?

McLaren: Oh, sure. Of course, all the other accounting firms were in the same position. No, that part of it worked out fine. I will say this, I was, I'm sure, during that period even though I didn't talk to the prospective clients at any time, I was responsible for people whom I'd known before, maybe in plays or things they'd heard I was doing and something of that sort--

Morris: In the navy?

McLaren: They'd say, what the hell. They had some work to do and so they'd get in touch with our office. And that was that.

Morris: That was a kind of an unexpected benefit.

McLaren: Oh, yes.

Morris: Did you find that there were changes that you wanted to make in McLaren, Goode when you were in sole command as it were?

McLaren: The only thing that happened was that we had a very, very conservative partner in Los Angeles who was in those days just about my age, a little bit older. He was very, very tight-fisted, and especially as far as speculative investments were concerned.

Well, the SEC had come in in connection with all this McKesson & Robbins scandal, and so they started in going down rules affecting the annual reports to the Securities and Exchange Commission of all the listed companies. Rules came out. This partner of ours just got scared to death; he said, "I'll be risking my fortune in any one of a hundred cases, and there'll be nothing I can do about it. I can't look at all these figures and make sure that somebody hasn't slipped up," and so on. He became positively unreasonable about the whole thing.

So I had a meeting in New York in 1942 and had him there-- they were having an accountants' meeting at the same time, and I had him there with another partner, and so I said to him, "Now, I think I understand your position. I think you're absolutely insane, crazy, to conjure up these difficulties, they're never going to happen, but that's your business and not mine. But since your mind has exposed itself by your activities here, as far as I'm concerned you're no longer a desirable partner anyhow, so let's get you out of the firm at the earliest opportunity." And we worked it out in about a couple of months.

Morris: His concern was about securities of clients and how they listed them in audits?

McLaren: His concern was that bureaucracy, and of course the SEC was a bureaucracy really, couldn't be depended upon to approach the handling of cases involving claimed irregularities in a way that was fair to the accountant.

Morris: I see. By the clients' listing of their own assets.

McLaren: Their own financial affairs, you see. And it would just be a constant target on the part of the SEC and other governmental agencies. So that was one of the happiest days of my life to get out of that situation. And that was the only one during the war period that was of any significance.

Morris: Did you continue and finish out your term as president of the American Institute while you were in the service?

McLaren: Well, that's always only one year. What I did was to appoint--at the very beginning, this is in December, 1941--I appointed the two vice-presidents, both as acting presidents. And then it was up to them to decide how they'd divide their duties between them. I was unquestionably the worst president of the American Institute they ever had. Because I did practically nothing.

Morris: Because you went off to war?

McLaren: Yes. [Laughs]

Morris: It sounds like most of the profession did, under the age of fifty.

McLaren: Oh, sure.

Morris: One other thing about the Navy Price Adjustment Board. Did it have any contact with the Senate investigation that went on for some time into the conduct of war production?

McLaren: Don't you mean Harry Truman's committee?

Morris: Right.

McLaren: Yes, I had to appear before Truman once in the early days. It was always called the Truman Committee, I forget the technical name--something about excessive profit on government contracts, something like that.

Morris: It sounds like it's right in the territory that the Price Adjustment Board was set up to deal with.

McLaren: That's exactly what they were set up to deal with by this committee and so I happened to get in on it from the very, very start. So that's why when the thing gradually evolved, I was in the favorable position of having known an awful lot about what went on behind the scenes, leading to such-and-such a paragraph in the regulations, that the ordinary person wouldn't have any idea of what caused it. Some of it sounded terrible; there was a darned good reason for it, you see.

Morris: Did you find Mr. Truman's committee was looking for the facts, or were they looking for a crusade?

McLaren: They were mostly looking to help the taxpayers of their own states. We had a terrible time with Congressman Brewster of Maine, because the only big government contractor in the state of Maine was the Bath Iron Works that made destroyers and so forth. So Brewster just did his best to tear us apart about our absolutely outrageous attempt to deprive them of any fair profit, and in view of all the contribution they were making to win the war. He made about a forty-five minute speech.

Morris: Now, that's interesting because in the Truman literature it says that that committee dedicated to saving money for the taxpayers, and making sure that no company was making unfair profits or producing shoddy merchandise.

McLaren: Not just the taxpayers. No, no, that wouldn't be--

Morris: They were saving the government's money?

McLaren: Sure. These things get all twisted around, all twisted around.

Morris: There are some political aspects to it--?

McLaren: Oh, yes, indeed.

## X POSTWAR PUBLIC SERVICE

Birth of the United Nations

Morris: The next thing then is just a couple of words maybe on your involvement with the United Nations. How early did that begin to be planned for in San Francisco? How did you get to be treasurer?

McLaren: I wrote a little memorandum on this, it's somewhere there.

Morris: I have it with me, yes.

McLaren: Well, if you have it, why not just use that and we can add anything we need to. [The following two paragraphs were dictated by Mr. McLaren to his secretary.]

As mentioned earlier, we had substantially completed our first round of examinations in the Navy Price Adjustment Board and had established the pattern to be followed in the various industries with which we were concerned. Several important changes had occurred in my affairs including the death of my long time partner, Percy Goode. I discussed the situation by telephone with Secretary Forrestal and explained the more or less routine nature of the second round of examinations which, among other things, would mean a substantial reduction in the size of our New York staff required to do the job. He was most understanding and said that after consulting a few other people he would communicate with me. This he did in a few days and informed me that I would be transferred to the inactive list at the close of the year (1944).

The reassignment of duties and transfers were worked out expeditiously and my wife and I returned to San Francisco in the latter part of January. Meanwhile, Roger Lapham, the mayor of San Francisco, had been engaged in preliminary plans for the first meeting of the United Nations. Already the State Department had sent a skeleton crew to San Francisco, headed by Jack Puerifoy. Roger asked me to serve as treasurer and chairman of the entertainment committee. I was reluctant to do so but in view of the short time



McLaren: scheduled for the conference and its international importance, I accepted the assignment. This proved to be most interesting and considerable progress had been made before the unexpected death of Franklin D. Roosevelt on April 12, 1945. One of the difficult jobs was the lining up of a large number of prominent people who were asked to entertain groups of distinguished delegates in their homes. In addition, many other leading organizations were asked to sponsor parties, the principal of which was a very large dinner at the Bohemian Club and a Sunday visit to the Bohemian Grove. In due course, the session started and the opening meeting at the San Francisco Opera House was a memorable occasion with extended television coverage.

[transcript resumes]

Morris: It said you and your wife returned to San Francisco in the latter part of January, 1945. Roger Lapham asked you to serve as treasurer and chairman of the entertainment committee. I'm curious as to whether you were part of the discussions that San Francisco was the place that there should be a meeting.

McLaren: No, that had been all settled. At least a month before I got involved in the thing. It had all been settled that San Francisco was the place. That had been selected by the United Nations as the place for the meeting.

Morris: The United Nations didn't exist then.

McLaren: Well, it was the organizers of the United Nations. Have to have a meeting somewhere. And they settled on San Francisco. Maybe you need a couple of clarifying words in there.

Morris: I would like that, yes. Do you remember Roger asking you to serve as treasurer, and what you thought of the whole idea of the United Nations?

McLaren: Oh, yes, I remember that all right. But let's go back to that sentence that says, my wife and I had returned to San Francisco at the end of January, 1945. Then what does it say?

Morris: "Meanwhile, Roger Lapham had been engaged in preliminary plans for the first meeting of the U.N."

McLaren: All right, now. Meanwhile, after the leading participants had agreed on San Francisco as the best place for the organization to meet-- I think instead of Roger Lapham, just say Mayor Roger Lapham, because that doesn't make it any longer, and it clarifies it a little bit.

Morris: And he knew you were back in town, you'd already seen him?

McLaren: Oh, yes, he and I were very, very close.

Morris: What you've written is good. I just wanted to ask you a couple of questions to add to it, such as, what did you think of the idea of the United Nations?

McLaren: [Laughs] I just accepted it. Looking back to the situation which the great powers were confronted with at that time, I felt misgivings about postwar international organizations, in general. But it seemed worthy of a try.

Morris: Was being treasurer a ceremonial kind of a thing, or did you actually have to go out and twist people's arms to get enough money to run the conference?

McLaren: That was all handled by-- There was no problem, I mean, "You're down for so much, and all." I suppose they'd call in, we'll say, Ben Fairless or Gene Grace or somebody--it would be the President of the United States who was doing it, you know. And they'd say, "Now, here, in connection with this United Nations thing, your share with the expenses of organizing and conducting that meeting will be so many thousand dollars. Will you please send a check." This was really big league stuff.

Morris: All of that was already set up and those lists were already made so that all you had to do was to bank the money and keep records?

McLaren: Oh, sure. I don't think I signed a check all the time I was treasurer.

Morris: And Franklin Roosevelt had given this his own personal blessing?

McLaren: Oh, sure.

Morris: Did that contribute to your misgivings about the postwar situation?

McLaren: [Chuckles] Oh, sure, all of those things did.

[Long telephone call concludes session]

[end tape 14, side 2]

Mission to Moscow

McLaren: [Dictated by Mr. McLaren to his secretary, Miss Fenian, approximately September 15, 1977.]

Within two weeks I received a sudden telephone call from President Truman's office in Washington. The caller explained that he had been asked by the President to invite me to be one of the U.S. delegates to the Reparations Mission in Moscow and that in view of the vital nature of this service to the nation, the President felt it was my duty to accept if I could possibly do so. He added that Mr. Edwin W. Pauley would be the chairman of our delegation and that I would hear from him in the near future. I had known Pauley since college days and in later years I had seen much of him socially and in business. He called me shortly afterwards and explained that the Allied Commission on Reparations would be comprised of the British, the Russians, and ourselves and that after the indoctrination meetings abroad, we would proceed to Moscow. He said that it was impossible to determine the time required although the Russians estimated that the initial meeting would last a year because that is the time it took to settle reparations in Paris after World War I! He said he was most anxious to have me as chairman of the committee in charge of accounting matters as this aspect would be a major problem. I told him that I would accept the assignment subject to certain minor conditions which he approved. We flew to Paris in various detachments in the latter part of May on military planes. There were four in my group and the night flight in bucket seats was far from enjoyable. We landed at Prestwick, Scotland and the next day flew to Paris. Here we were billeted at the Ritz Hotel and immediately the process of indoctrination began.

A week later I was given a special assignment to visit Barbizon which was the headquarters of a special army group dealing with the preservation of works of art, gems, currency and other valuables which might otherwise have fallen into the hands of certain other interests. The purpose of the visit was to coordinate the accounting practices of the army group and ourselves.

Meanwhile our main party proceeded from Paris to what was said to be the finest watering place in Germany, located not far from Frankfort. Here further indoctrination occurred and then our party was flown to Moscow in several groups. We reached Berlin one early afternoon and were immediately supplied with cars and drivers to drive from the airport into the city. Here the destruction was beyond belief, most of the wanton shooting apparently having occurred after resistance had ceased. We returned to the airport for an early dinner and took off the following morning for Moscow. Our American Air Force crew from Frankfurt of Berlin had been most careful in the

McLaren: loading of the plane and in its takeoff. At the last moment we had been ordered to bring from Frankfurt a substantial amount of needed equipment and supplies for the U.S. Embassy in Moscow. When we taxied to our runway in Berlin in the morning, we could scarcely believe what we saw. The Russians were transferring our cargo to a Russian twin motor plane by dumping everything on the seats, the floor, the aisle and upper compartments without any protection from shifting or falling. Finally we took off and instead of a careful warming up of the engines which we had seen in Frankfurt the day before, we zoomed out to the end of the runway, turned around, and immediately took off. As we hit some bumpy ground, all of us had to stand up to keep things from falling on our heads. Fortunately we escaped injury. Without further excitement, we reached Moscow in the afternoon and were taken immediately to our hotel. This was a medium-sized hostelry which the Russians had commandeered for the sole use of the British mission and ours. The accommodations were simple but satisfactory. Except for the fact that all the windows were still painted black--a memory of German raids.

A few days after our arrival, the British and ourselves had gone to the dining room for dinner. Bob Sproul, the president of the University of California, was naturally our expert on education and he had insisted on bringing his own secretary to assist him in his duties. For that purpose, he had found a multi-linguist who was a graduate student at Berkeley.

One of our specialists supplied by Washington was an expert in bugging. Most of our meetings were held in the nearby building divided between the British and ourselves. On the second day our bugging expert gave us specific directions. He informed us that the majority of the rooms in the building were thoroughly bugged so that if we had anything of a confidential nature to talk about, we should do so in whispers, preferably standing in the center of the room. A few days later, he gave a second report which was that we could disregard his first instructions because he had now completed his examination and not one of the bugs was in working order.

It became evident very early that the Russian delegation was operating under strict orders which, in effect, meant that only minor concessions would be approved by them.

The entire membership of our technical group of perhaps 40 were assigned to various committees for study and later meetings with our Russian counterparts. During this period, the only significant negotiations were between Ed Pauley with two or three assistants, and the two or three senior members of the British delegation, and Maisky, the Russian chairman. The latter was extremely well qualified as he had been a popular Ambassador to the U.S. and also England. During this preliminary period, Pauley experienced

McLaren: considerable trouble with Averell Harriman who was then our Ambassador in Moscow. I can remember several staff meetings attended by committee heads in which Harriman reproached Pauley for taking actions which would "Offend the Russians."

Fortunately, I had a simpler task than most of our people because of the comparatively non-controversial nature of devising an accounting system for reparations. My personal solution which was well received by the Russians was that all the accounting be made on the basis of a new exchange medium to be created called "rep-units." As soon as the amount of reparations to be received by our three nations was established, each would be entitled to their agreed share which could then be converted into goods and services. We were now nearing the end of July and arrangements had been perfected for the Potsdam meeting in Germany. The majority of our delegation left several days in advance of the opening of the meeting but a few of us remained to complete some unfinished business. It will be recalled that the Potsdam conference accomplished practically nothing and that the impasse was reached largely on the basis of the reparations breakdown. In fact, when the subject first came up at the highest level and our spokesman reported to the meeting about certain concessions made by Maisky, the latter immediately disappeared from the meeting and never returned.

In a day or two arrangements were completed for me to return to San Francisco via Washington.

A final anecdote is appropriate. One of the original members of our meeting was Buddie Fozelson of Texas (who later married Greer Garson). When our group was formed, he was serving on the staff of General Eisenhower outside of Paris but was detached at Pauley's request. After we had been in Moscow for several weeks, he received an urgent cable requiring his immediate return to Paris. He obtained space on a Russian military plane on which he was the only foreign passenger. Immediately upon takeoff, the pilot started to show off by skimming over the tops of trees, making sudden turns, and the like. Buddie who was in a colonel's uniform at the time was seated next to an old Russian colonel who noticed that he seemed to be disturbed by the gyrations. He said to Buddie, "Vot iz der mattr wit you, Yankee. Are you 'fraid to die?" "No, I'm not afraid to die. I'm just not ready yet!"

Here endeth the Mission to Moscow.

[transcript resumes]

## U.S. Reparations Team Responsibilities

[Date of Interview: September 29, 1977]

[begin tape 15, side 1]

Morris: Your text was so good that it raised a couple of questions I'd like to ask you a little more about.

McLaren: Good.

Morris: The first one is I'm quite curious as to how come the leading members of the U.S. reparations team were all Californians. You yourself, and Ed Pauley, and Robert Sproul.

McLaren: There's a long story behind that. It wouldn't be fair to Pauley to tell the whole story. The original commission was, of course, appointed by Franklin D. Roosevelt before his death. And, in the main, quite a pro-Russian delegation. It had some distinguished economists and college professors and politicians. When Truman asked Pauley to take over, Pauley said, 'No, I'm not going to work with this group. I'm going to have a sufficient number to over-balance their prejudices.'

Insisted on it and [Truman] agreed. There are very few people, by the way, in the whole world who know this. So, then, in proceeding to--of course, Pauley would have to act very hurriedly, anyhow, putting this thing together. And so it was natural that in adding people he would have people he knew, and whose patriotism he trusted. So that in addition to the ones you have mentioned, there were lots of highly distinguished people. Ernst Mahler was the executive vice-president of the Kimberley-Clark company, which was a very, very important industrial company. And then there was Larry Richardson, the retired president of an eastern railroad, who had had vast experience in negotiating. So he was brought in as a specialist in railroads. Then there was a man we've mentioned already, Buddie--oh, we had his name in here--the one who married the movie actress.

Morris: Fozelson.

McLaren: He was quite an important oil man. Then he very materially strengthened the group by putting in a brand new legal staff, to take the place of the original staff that was quite prejudiced in favor of Russia. That really gives the background as to why apparently the Californian contingent was important.

It was a pretty large delegation, you see, with all these people being added on top. Actually the Californian influence was really quite a small one from the standpoint of numbers. It just happened that some of the assignments they had were interesting assignments.

Morris: So that the original commission was not discharged, it was just added to and enlarged.

McLaren: Added to.

Morris: I'm interested that they would have begun planning the reparations machinery before the war was over.

McLaren: Oh, yes, oh yes.

Morris: At that point, in June of 1945, the Russians were our allies. What were the sources of concern?

McLaren: Because most educated and patriotic American businessmen didn't trust them. That's the source of the trouble. And they were thoroughly justified in not trusting them.

Morris: Was it Mr. Truman's idea to expand the commission, or had the Congress thought there ought to be some changes made?

McLaren: Congress was out of it entirely. This was purely a presidential project. The President, of course, is given the very broad powers during wartime. This was the type of thing where he didn't have to go back and check these things with Congress at all.

Morris: Is sounds like Mr. Truman's ideas about the Russians were different than Mr. Roosevelt's.

McLaren: Oh, yes, yes. I can't make such a statement with any authority at all, but it was perfectly obvious to me that such was the case.

There's one little incident that I wanted to put in at the end here, and this is as good a time as any to mention it--with respect to the basic relations which existed between the Russians and the United States at that time. At the very end of the meeting in Moscow--I think that some of our people had actually started down to the Potsdam meeting by the time this particular meeting was held. A number of us were invited to attend a formal ceremony. When we got there we found that the purpose of this meeting--they had a band out for it, and quite a large audience, and there was a lot of fanfare--was that a group of Russian veterans, all of whom had distinguished war records, had been selected to receive a new Russian patriotic award. And the award was given to these men because their past records had proven from the military aspects of the reparations missions, involving Russia and these other countries, that they could be counted upon for many valuable contributions to their country.

- McLaren: One of the other members at the meeting and I said, "This is just simply incredible to give a man a military decoration for something that he hasn't had the opportunity to do yet." The other thing it illustrates which is quite unusual, is that in their basic thinking, the Russians still saw the possibility of serious differences between the two countries.
- Morris: In what way?
- McLaren: Arriving at a complete disagreement at a certain point which might lead to the possibility of bloodshed.
- Morris: And that was brought out in these reparations discussions?
- McLaren: That was basic to the reparations discussions. Of course, this was sugar-coated to a certain extent. But it was just the whole Russian approach, "Well, this is fine, all these gestures of friendship, and so forth and so on, but we don't know whether we'll ever be able to reach an agreement with these other countries on the division of reparations, and if so, it might lead to future warfare."
- Morris: In other words, they thought that the discussions between the allies might lead to future military action.
- McLaren: Might possibly, yes. At least, we just surmised that because, in other words, why create such an award, and make it one of the very important patriotic awards to give those people.
- Morris: And to give it on the occasion of meeting with other countries.
- McLaren: I don't know what actually brought about the occasion.
- Morris: It was not a special ceremony put on for you visiting dignitaries?
- McLaren: Oh, no, the main thing was to honor these people. It was a big gathering. It was just like, well, it's hard to find a parallel that would make any sense in this country. Just these wholesale awards of these decorations.
- Morris: I was wondering if it were some kind of a Russian national festival, like our Veterans' Day, or Memorial Day, or something like that.
- McLaren: No, nothing like that. It was quite evident though that it had been planned for some time. So, I have really answered two points that occurred to me in connection with that.
- Morris: Going back to the beginning of the commission's work. Did you and Mr. Sproul and Mr. Pauley have some kind of orientation in this country before you left?



McLaren: Not in this country. But, this is all in that thing I dictated, about going to Paris, you know.

Morris: Yes, and I wondered, was it military people that briefed you, or State Department?

McLaren: Both. Of course, I had my own special briefing in connection with that secret group that we had, when I went to Barbizon that time.

Morris: Did the United States government have some positions that they wanted to take, and some instructions for you as to what the United States' position was?

McLaren: That's right, but that, of course, there again, that was something that was handled by very, very few people. In other words, there wouldn't be anything involving a meeting of one of our department heads with another big group, or anything like that. That was all done by Pauley, and two or three of his very closest, most trusted assistants. And, of course, they in turn would be working through whoever the ambassador was, like Averell Harriman, and so forth and so on. And, of course, there would be a lot of cables in code sent back and forth to Washington as things came up. It was a very elaborate program, and one that was very, very interesting.

Morris: I should think so. And then the majority of you were involved in the more technical detailed work?

McLaren: That's right. Things were assigned to us to do.

Morris: Was this just the Russians and the United States?

McLaren: No. The third group was the British. You see, the British and ourselves were all billeted in the same hotel.

Morris: Was the French government represented at all?

McLaren: They were not permitted to come in.

Morris: That's interesting. Why not?

McLaren: It's because of their history in World War II. They weren't entitled to come in directly and ask for reparations, because of their conduct in the war.

Morris: And were there any Germans present, too?

McLaren: No, no. They were just told what was going to happen.

- McLaren: At that time, of course, it was only a few months after the close of the war, and the position of the Germans was that they were just crying, "Help, help." They would take whatever they could get, in any area, involving post-war activities.
- Morris: Yes, they were pretty well out of it. Then, who were the reparations going to come from? I have a very naive view that when somebody has won a war the people who win get reparations from those who lost. Was that what it was all about.
- McLaren: Oh, yes, that's right. Of course, the sad feature of the whole thing was that the loss of life on the part of the Russians was ten times as great as any other nation. And so, as far as they were concerned, and that's the thing, they were entitled to money value on the loss of every life.
- Morris: That was their major goal.
- McLaren: That's right. And from the very beginning, so it made it almost impossible to arrive at any sensible or fair formula. If you just insisted in putting that up then and saying, "You pay us for all the loss of life," and they would talk about what to do with the balance. That was their attitude at the start.
- Morris: I should think that would be kind of tricky, too, in determining how many lives had been lost.
- McLaren: Oh, no, they had that information all right.
- Morris: And this included civilians as well as military?
- McLaren: Oh, sure, sure.
- Morris: What value did the Russians put on a Russian life, do you remember?
- McLaren: Oh, I can't remember that.

#### Uniform Accounting for Valuables

- Morris: I would like to know some more about your special assignment on the works of art, and other valuables.
- McLaren: I believe there's enough to cover that. That was really secret stuff that I was involved on there. That was top secret.
- Morris: That's the portable kinds of valuable items?

McLaren: Yes. I guess I've never mentioned this. This is a very, very important aspect of it. The most valuable reparations that either the Russians or ourselves received was the spiriting out of Germany and into our respective countries of the great scientists, and the great military people. The great doctors. Including, we'll say, and I can't do more than guess, men from Germany, and Germany-occupied areas at the end of the war. There was a tremendous concentration of great scientists and inventors, and so on, and it was a question-- And this wasn't all done by saying, "Have a drink, now get on the train and we'll go over to England."

Morris: I should think not. I wonder how you managed it.

McLaren: There were plenty of kidnappings, and so forth and so on, in that, you see. That was one of the most important aspects.

Morris: That almost sounds like it was done very unofficially.

McLaren: [Chuckles] I should say it was.

Morris: Did that come into the work of your commission at all?

McLaren: That was a special American group. And they did a very effective, quiet job behind the scenes.

Morris: Were some German specialists still coming out after the war, or were most of them coming out in the last year of the war?

McLaren: Practically all of them after the war. Practically all of the top Germans were there right until the final surrender.

Morris: Was this special group in charge of the brainpower, were they American academic people?

McLaren: They were a combination of academic people, lawyers, industrialists to some extent, bankers to some extent. They were just incognito. I mean, they didn't have any uniforms and--

Morris: Were they working at the request of the U.S. government?

McLaren: Oh, yes. There was an architect in Los Angeles. I think he had been in the California National Guard, and it was his idea, oh, months and months before this particular time to create such a group. He went back, consulted Washington, and they put him in charge. So, he was the one I was working with when I was down in Barbizon.

Morris: Do you remember his name?

McLaren: No.

Morris: Did he come back to Los Angeles?

McLaren: I really don't know what happened to him after that.

Morris: Because he could see the value of this kind of person to the American economy?

McLaren: Yes. Now, actually, how much he had to do with the concept, I don't know. I had heard that he had been in it from the very beginning, and he was a man that was a little bit on the egotistic side. In other words, I could detect a certain very limited amount of rivalry and that sort of thing. But, it was a brilliant concept to begin with, and the whole--as far as I could tell, and I was in a position to, I mean being right there to see what was going on-- I think it was very well carried out, too.

Morris: How did you happen to be delegated to work with this special group in Barbizon?

McLaren: Because when Ed Pauley was getting organized, somebody told him about this special American group. So, part of our group drove down from Paris one day, had lunch with this special group. They were explaining what they were doing, and at the end of the day when we were coming back Ed said to me, "Well, Loyall, we're about to lose you." I said, "What's the trouble?"

"You're going to be assigned to this group for a while. This thing is so close, the methods involved, and the objectives are so close, that we just have to work together with him. The object will be to get things on as uniform a basis as possible, so you're it." The next day I went back again and joined this group. It was, of course, a fascinating assignment.

Morris: It certainly sounds like it. Was there some concern that works of art and jewels might disappear in the aftermath of war?

McLaren: Oh, sure, absolutely. That's when they had the phrase about liberating something. In the last days of the war the Germans were in a state of rout but they'd get to some place where there were famous wine cellars, or famous museums and so forth and so on, so it was a question first of all which nation could get there first, and second which particular military group would get there first so that they could liberate them you see. [Laughs] And then, of course, they were just living off the fat of the land.

Morris: There were reports during the war, too, that some of the German officers were collecting works of art for themselves.

McLaren: Oh, sure, yes.

Morris: Were those kinds of things part of your responsibility?

McLaren: That, of course, was one of the big parts of the undertaking of this secret American group. Trying to locate where these things were. And the same way locate the individuals.

Morris: Was the group then trying to establish who was the rightful owner, or did these valuables just go into the pot for sharing out as reparations?

McLaren: I would say that they wouldn't stop and get a legal opinion as to who was the legal owner. They had to act too quickly.

Morris: When they were liberating?

McLaren: They'd just pop in. They would hear of something really important, and at the very earliest opportunity they would pop in.

Morris: And take physical possession of it?

McLaren: Yes, sure. They'd work with the army of occupation, too, if they needed more military help, they'd get it from them.

Morris: Did you go out and do some actual physical inventorying?

McLaren: No. My job was only in methods and having uniform methods of accounting, so that our accounts would be maintained on substantially the same basis as theirs.

Morris: As the military?

McLaren: Yes.

Morris: I should think that would have been kind of an unusual challenge for an accountant.

McLaren: It was.

Morris: You don't normally deal with works of art.

McLaren: They had a young man from Chicago who was an accountant for one of the big mail order houses there, they had shipments all over, dealing in quantities of stuff. And the question of proper control of the records so that they'd know exactly how to find out exactly where a shipment was that had been made five months ago. They had all these follow up records, code numbers and this, that and the other thing. This young boy had been responsible for installing this, and it would have worked very well in ours, too. So, when I worked out our system, most of it was based on stuff they already had, which had proved to be practical.

- Morris: In that sense it isn't too much different from a business with lots of branches and different kinds of merchandise in transit here and there.
- McLaren: Well, no, no, the basic principles would apply.
- Morris: That was a matter of staying there at Barbizon until the system was all set up?
- McLaren: No. I stayed at Barbizon until they decided to-- Well, they went from Barbizon to Frankfurt for further indoctrination. They were at Frankfurt for maybe ten days or so, at this very, very fancy place which, by the way, was the officers' mess, because it was a V.I.P. place. Everybody was there as a guest. The whole thing was stocked with vintage wines and the most beautiful silverware. It was just the most gorgeous thing in the world. If you wanted some caviar, certainly. Absolutely unlimited good food, you see.
- Morris: Had this been a German military resort?
- McLaren: No, it had been a hospital that had been built by a very rich Berlin doctor who had quite a few cases that were harmless mental cases. In other words, it was supposed to be the most expensive sanitarium in Europe.
- Morris: It had maintained its plush fittings and service throughout the war?
- McLaren: That's right. It had never been bombed or anything.
- Morris: Isn't that remarkable.
- McLaren: Yes. And the man in charge was a man I had known slightly who was an officer at the Bank of America, San Francisco. During the occupation, he was a captain in the army.
- Morris: That must have been interesting duty for him.
- McLaren: Oh, yes.
- Morris: Was Robert Sproul supervising educational things while you were doing this?
- McLaren: That's right. Actually, his assignment was not a tremendously important one. He was a front man when they had some big affair with dignitaries, and he was the great educator from California. Of course, he didn't speak any Russian at all. He was really more of a front man than anything.
- Morris: I'm interested in what education would have to do with this kind of a--

McLaren: Reparations? It would be a factor in how much would the various powers be justified in providing that a specific amount went to education restoration. Things of that nature.

Morris: Did you and he have a chance to talk at all while this was going on?

McLaren: Oh, yes.

#### Diplomatic Relations

Morris: It sounds like it was a new experience for both of you.

McLaren: It sure was. Very much a diplomatic thing, as well as the technical kind of thing.

Morris: When you got to Russia, what kind of observations could you make as to how the Russian system of accounting worked?

McLaren: None. We were never shown anything. And we wouldn't have understood it anyhow.

Morris: In other words they didn't participate--

McLaren: That would have been the next step. You'd have official translators, you see.

Morris: But they didn't participate at all in the setting up of a uniform system?

McLaren: No. In fact, I explained that to them at length at a meeting just a little time before we left. They were very much impressed by it.

Morris: But did you get any sense of how they keep their records?

McLaren: No. They never volunteered a damn thing.

Morris: Did that make things more complicated?

McLaren: No. It had been a question of bringing things together, and getting to know them better, and having these things adequately translated and so on. But we never got there because, then Potsdam came, and the whole damn thing was off for good and for ever.

Morris: Had you originally intended to go on to Potsdam and be part of that?

McLaren: The whole group was supposed to do it together. But some of them had some special matters that they had to take up with some of our top State Department people, and so on. And some of the others, by that time it was obvious that the thing was blowing up anyhow, wanted to get in and see [laughs] the Potsdam meeting, so we sort of

McLaren: went over in waves in the end. I was only in Potsdam two or three days. Then I managed through Ed Pauley to get ordered back to the United States, and I came back by myself.

Morris: Because you could see that nothing was going to come of all this?

McLaren: In fact, one of the men who was rather opinionated, didn't find out until the last minute that I had fixed it up with Pauley, and he came over to me and said, "Pauley said you can't do this, you haven't written your report yet." And I said, "No, I don't intend to write my report. I have never been asked to. That's not part of my contract, it's useless. And I have made other arrangements, and Mr. Pauley understands it, and so that's all there is to it."

I would have just wasted a week's time writing a useless record, which might be very nice to have today. But it doesn't prove a damn thing.

Morris: It would be fascinating historically.

McLaren: It would be just like somebody writing a book of the bible and then burning it up, I mean, it's silly, ridiculous.

Morris: I gather there were some differences of opinion between Averell Harriman and Ed Pauley as to how all this should be--

McLaren: Oh, yes, a complete difference. Just the difference between Truman and Roosevelt. Harriman was a Roosevelt man.

Morris: Were they personal differences? Had the two men known each other, worked together before?

McLaren: In Democratic politics, yes. See, Pauley was the one that was really more responsible than anybody for getting in Truman as Vice-President.

Morris: I hadn't heard that before.

McLaren: Oh, yes. That's what started this whole thing.

Truman was a pretty good little guy.

Morris: How did you feel as a Republican with all those Democrats? Did that add to the difficulties at all?

McLaren: No, none whatsoever. There were just two groups in the American delegation. One was the Roosevelt New Dealers, and the others were conservatives, whether they were Republicans or Democrats.



Morris: Well, did you feel that it was a political difference between Pauley and Harriman rather than differences as to how the reparations thing should be worked out?

McLaren: Political differences. Political concepts.

Morris: You haven't told me about the origins of the drinking song that turned up in your papers. Did you write that while you were in Moscow? [see illustration]

McLaren: The Russians thought we were going to be there a year--they made all their plans accordingly.

Morris: Did you think you were going to be there a year?

McLaren: No, because Pauley said, "There's no need for telling these people that, but let them wander on all they want to, we're not going to be there more than three months at the outside."

Morris: Now that's interesting. Why?

McLaren: Because he couldn't accomplish anything through a Russian winter, to be just cooped up in Moscow with these people, seeing the same faces day after day. It just made no sense from the standpoint of negotiations, you see.

Morris: So Pauley wasn't prepared to spend more than three months there anyhow.

McLaren: No.

Morris: He didn't want to spend a winter in Moscow?

McLaren: No. All of us felt the same way about it. Naturally we were trying to learn a little bit of Russian, but not as much as we would have if we thought we were going to be there a year, you see. So they had one of these military books, translation of common usage phrases, names and so forth and so on. Frequently in the evening--I mean, if you wanted to you could go out and raise hell every night there--

Morris: No restrictions on your movements or activities?

McLaren: No. At first we were all concerned that we might be not only followed by them but there might be some danger of being held up or something like that. But we never had any incident of that sort at all. At times I didn't have anything to do at night, and I've always like to fuss around and write things. So, I got the idea of writing a little parody of the "Volga Boat Song."

Morris: Ah, I wondered if that might be the tune.



Mocking Drinking Song

M NEH PEET HAW - chit - sa  
I am thirsty

G DEH de - STA HT sta - KAHN?  
When can you get a glass?

DAW - broy OO - tra spa - SEE - ba  
good morning - thank you

YA - ka - CHOO voo - KA  
I want some vodka

MIH a - mee - nee - KAHN - taik ka - na - SHAW  
We are good Americans

DAW - bruh DAYN' ta - VA - reeshch ni - chi - VO  
Good afternoon, comrade, I should worry.

ET - a DAW - na - ga MAS - la  
That is expensive better

So - vee - ET. e - KRA  
So - vee - et caviar

G DEH oo - BAWR - na - ga?  
Where is the toilet

McLaren: So, all right, how do you go about it. And I said, "Well, obviously the only way to get this thing over, I mean, if you're going to do this for the benefit of the Russians is to do something as funny." How'd you do something as funny? Then I said to myself, "The way to do that is exactly the same trick that the great American comedians use, and that is they'll start in apparently very seriously, and just change the whole thought right in the middle of the sentence. Just stop it and go on to something else. You know, the vaudeville comedians have done that in the past. So, I started in and wrote down quite a few of these phrases, and I set in and finally worked the thing out together. So, when it was finally finished, it started on some absolutely asinine tone, like--

Morris: "I'm thirsty." I have it here.

McLaren: You have it there?

Morris: Sure. That's why I was so entertained by it. You've got it right along with the Russian phonetics, and the first line is, "I am thirsty."

McLaren: Go ahead. What does it say after that?

Morris: "I am thirsty. Where can you get a glass? Good morning, thank you. I want some vodka." I can just hear it to that slow beat of the "Volga Boat Song."

McLaren: It's good meter. It was a parody. Go on.

Morris: "We're good Americans. Good afternoon, comrade. I should worry. That is expensive butter." And then you've got, "Soviet caviar." And the end of any good drinking song, "Where is the toilet?"  
[Laughs]

McLaren: What happened was, this fellow Larry Richardson--he was our great good-will emissary. He was attracted to the Russian ladies--I wouldn't be surprised if he had two or three little affairs while he was over there. So there was a gathering some evening, and I was supposed to go, I had a cold or some damn thing, and I didn't go. But they had some--

[end tape 15, side 1; begin tape 15, side 2]

Morris: Did Larry have a Russian musical instrument?

McLaren: Yes, he had an accompanist. So, he and Larry rehearsed this thing and then somebody called him to order. And Larry sang it. They said when he started in at the beginning, these Russians looked at each other and didn't know what in the hell was going on. Somebody

McLaren: had lost their mind or something. And Larry appreciated this. So he stopped and said, 'Now, let me explain that this is an American's idea of the 'Volga Boat Song.' The reason I am singing it is so that all you people will know how crazy Americans are. May I have your attention.' The next time he kept their complete attention, and he said when he got through he got a regular ovation.

Morris: Oh, that's lovely.

McLaren: Because it was quite different, you see.

Morris: Were there many official social gatherings with the Russians?

McLaren: Oh, lots of them, lots of them.

Morris: How did you find the Russians socially?

McLaren: There were never any wives at these gatherings. In all American embassies on the Fourth of July they have a big reception, and that's when the other diplomats come with their wives and so forth, and that's an important social event. And then, of course, people in the embassy group, I mean, entertaining small parties, that's very, very active. But for a group like ours, there was nothing of that sort at all, practically.

Morris: I wondered if the Russians put on any dinners or theatrical productions, or anything like that.

McLaren: A lot of theatrical productions for an evening especially for us. I remember one evening where they had a young Russian about twenty years old, who did Gershwin's "Rhapsody in Blue"--perfectly marvelous. I remember another time, there was some beautiful dancer there. I had had a little bit more to drink than I should, and I was sitting next to this older Russian officer. I remember his making some remark to me, and I smiled very politely and so forth. The next thing I knew I was asleep, and he gave me one of the damndest digs in the ribs I've ever had in my life. He almost broke a rib he hit me so hard. [Laughs]

Morris: He felt you should stay awake and enjoy the dancing.

McLaren: But, anyhow, so much for that.

Morris: As it became evident that the negotiations were going to break down, did you get any sense that the Russians were disappointed, that they would have liked to keep on negotiating and work things out?

McLaren: Oh, I think so. Yes, absolutely. There's no question about it. But continuing with their tactic of not giving anything away of any importance. In other words, they didn't understand trading this for that at all.

- Morris: Did we have any Americans who could speak Russian? Or was it all Russians who were translating the--
- McLaren: We had a couple of official Russian translators. They had to get together to compare the notes with the Russians and then there would be joint notes of these meetings.
- Morris: Did you feel that the U.S. did give up something at the beginning of these negotiations? Show some willingness to trade back and forth?
- McLaren: Oh, yes, yes. The longer we went the more obvious it became that nothing was going to come out of it.
- Morris: Were the reparations the major subject for the Potsdam discussions?
- McLaren: That was one of the, oh, we'll say, half dozen major points. But the Potsdam conference was broken up when we got to the reparations. There had been two or three other topics, you see, that came first. And then when we got to the reparations, and the report was made on behalf of the American Reparations Commission, Maisky who was head of the Russian reparations mission hadn't told the top Russians of some of the concessions that he had been forced to make. He had been forced to make them because it would have been just foolish not to make them, you see. So at the end of the session, Maisky disappeared. He was out from there on. There were all kinds of rumors as to what had happened to him. Some said he had been sent to Siberia, this, that and other, but we never did find out what happened.
- Morris: Oh, dear. So he did make some concessions.
- McLaren: Yes. But, really, inconsequential in the whole picture. But these top Russians said, "Well, we'll go into executive session." And they got hold of Maisky, and, bingo, they said, "The whole thing is off. There is no point in going any further at this meeting because obviously we can't get together on reparations, and that's one of the key points and so we might just as well save everybody's time and call it off."
- Morris: The Russians said that?
- McLaren: Yes, sure.
- Morris: What did Mr. Pauley and Mr. Harriman do at that point?
- McLaren: It wasn't Mr. Pauley and Mr. Harriman, it was Mr. Truman at that point. He very apologetically said, "Well, maybe you're right." There was never any effort made to try and get them going again.

Morris: You decided to leave before the whole thing finally fell apart?

McLaren: It had fallen apart all right. It was just the mopping up and there was no sense in staying over in Potsdam to mop up.

Morris: Did Mr. Sproul stay or did he come home with you?

McLaren: Let's see. No, he stayed just a few days longer. He had already made his plans.

Morris: How long altogether did this mission take?

McLaren: You've got the dates there somewhere. It took about, let's see. It was about two weeks in June, and four weeks in July, that's six. About ten weeks altogether.

Morris: Most of August then.

McLaren: If you add the time of the indoctrination in Paris, it would be, I guess, the whole thing would run to ten or twelve weeks.

Morris: So, you did put a lot of time in on it.

McLaren: Oh, yes.

Fellow Team Member Robert Gordon Sproul and U.C. Accounting

Morris: Did Mr. Sproul have to get back because he was opening up Cal for the fall?

McLaren: [Laughs] Oh, I guess so. Of course, everybody had different considerations.

Morris: Was your firm already doing U.C.'s accounting at that point?

McLaren: Yes.

Morris: So the two of you worked closely in that kind of thing, too.

McLaren: Yes. Mr. Sproul was a very intimate friend of my older partner that I've written about, Mr. Goode. Because Bob knew nothing about accounting, even though he had been controller. When he came in as president, Mr. Goode would advise him as to the technical aspects of various things he didn't know about. So they were very close friends.

- Morris: As controller, isn't one of the things that you're responsible for the financial record-keeping?
- McLaren: No, in those days it was more routine, in the way of just simply accounting for all the students' fees that were paid. In other words, it was just simply the money that--or the revenue that flowed into the Berkeley campus, and nothing else during a given fiscal year. The University proper had its own fiscal office--they're the ones where the important financial transactions occurred.
- Morris: When did the University get complicated enough that they felt the need of retaining an outside CPA firm?
- McLaren: In 1901.
- Morris: That's long before Bob Sproul was involved.
- McLaren: Sure, yes.
- Morris: So, it was Mr. Goode and Mr. Sproul who made the first--
- McLaren: Well, my father was in the picture, too.
- Morris: Is that kind of account something that a firm of CPA's find a major responsibility, or do they do it as a community service.
- McLaren: Major, an absolutely major responsibility. Especially, because for the last fifteen or twenty years the political aspects-- They have the regents, of course, and various factions--some are very liberal in their views and some very conservative. When old Pat Brown was governor, that's when the thing really became important, and it sort of divided into two groups. Before that time the policy was dictated by the regents who were mostly retired businessmen, or professional men, and distinguished citizens in one way or another. Then pretty soon they started putting in these political appointees. And it has been getting worse and worse. It's terrible today.
- Morris: You mean greater diversity of opinion within the regents themselves.
- McLaren: It's getting the other way around so that most of the opinion of the regents is soak the rich and take care of the poor.
- Morris: I thought accounting was a matter of objectivity and dealing with a set of numbers that are facts. How can you have political interpretations of a set of numbers?
- McLaren: You can. Today that's exactly what the president is doing, to distort the numbers that he was dealing with in order to prove the political facts that don't exist.



Morris: That sounds like it would make an accounting firm's job harder.

McLaren: It means that accounting firms have to watch their step every second when they're in one of these engagements involving political bodies. Because, and this has grown in the last few years, at any time when one group (of directors, we'll say) wants to prove mismanagement, they will get in somebody to make a special report. Or maybe they won't even get a special report, they'll make accusations. But, in any event, when they get all through, then they come up with this set of figures, and when they get their final conclusions then almost invariably whatever accusations they make they'll accuse the outside independent auditors that were employed by the company to begin with, you see. We have all kinds of lawsuits brought against us coming up under that sort of situation.

Morris: In which the board of directors challenges the work of the independent auditor?

McLaren: No, no. Somebody else challenges the board of directors for what they've done, and then blankets in the outside auditors.

Morris: Good heavens.

[tape turned off]

Morris: Are there any other things about that Russian experience that you would like to include in the record?

McLaren: When we started in on this thing, of course, in a situation of that sort a lot of interesting things happened. But the trouble is that it's been such a long time, and especially in recent years there have been so many--when it's been easier for Americans to get in, so many things that people have gone over there and seen and reported to friends. There have been books and this, that and the other thing, and it's just a pain in the neck for most people. So, I was trying, in writing this thing, to get things that most people would never have heard about. I think we have a good deal of that in here.

Morris: I think you do, and I think that must have been a very interesting time to be in Russia, when they'd been shut off for so long by the war. It's interesting that your sense is that the Russians would have liked to have continued negotiating but it sounds like they didn't really know how.

McLaren: They'd like to continue the negotiating as long as they felt there was a chance that we would give them much the best of it. And remember that they're very conceited people. They have a superiority complex throughout. So that they didn't have any milestones from their past to indicate how they could go in making their demands

McLaren: upon us, and upon the British. So the whole thing was as complete a failure as there has ever been.

Morris: Was there any sense that the United States would collect reparations from somebody?

McLaren: Oh, we were going to collect. Oh, sure. There was a question of say giving out the entire amount, and then dividing it fairly between the United States, Britain, France to a limited extent, and two or three other countries to a rather insignificant extent.

Morris: How about countries like Poland?

McLaren: They were in the Russian camp.

Morris: In other words, anything that Poland got would have to come from the Russian settlement.

McLaren: Yes.

Morris: And all of this was supposed to come out of Germany.

McLaren: Or it would come out of German-controlled property.

Morris: Was there any kind of accounting or estimate of what the total cost was, and what Germany could possibly contribute?

McLaren: Sure, all kinds of estimates made, but they were all preliminary and didn't mean anything. And they were all overshadowed by the point that the Russians wouldn't yield. Now, wait a minute. We wanted--the first thing to be settled is, how much are we to be compensated for the loss of life. Until that's settled, no use talking any further. That was the trouble, you see.

Morris: That's an interesting point of view, I must say.

You mentioned you thought up something called a "rep-unit."  
How was that going to work?

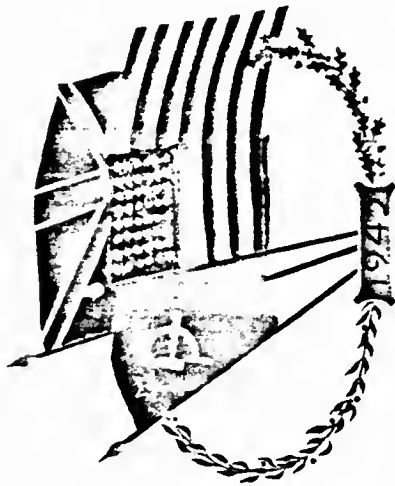
McLaren: Well, that's very complicated, I don't want to go into that in this one.

Morris: Okay.

McLaren: I wrote an article for the Journal of Accountancy, let's see, it must have been in the latter part of-- Let's say in the early part of 1946, or in 1947." That goes into it very searchingly, but it's a highly technical article.

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\*"Accounting for Reparations," The Journal of Accountancy, vol. 80, no. 10, October 1945.



To:

Mr. & Mrs. Loyal McEaren

With appreciation and commendation  
for your service to the Nation as a mem-  
ber of the American Delegation, Allied  
Commission on Reparations at Moscow.

*William H. Lawrence*  
The U.S. Representative



Internal Revenue Survey, 1947-1949

Morris: Okay. Do you want to talk a bit more this afternoon, and talk about Mr. Truman's Internal Revenue survey that you sat in on.

McLaren: Oh, yes, we might as well get that out of the way.

Morris: Mr. Truman decided once he got hold of you he was going to make good use of your efforts and your services.

McLaren: [Laughs] It wasn't Mr. Truman, but Mr. Robert A. Taft. No, it would be Taft.

Morris: And how did that come about?

McLaren: You don't have any dates relating to that, eh?

Morris: 1947 to 1949.

McLaren: '47 to '49. Well, it would be all the way through. In 1947 I received a telephone call in San Francisco one day from a man I had always wanted to meet. Colin Stan was the technical head of the joint committee on Internal Revenue taxation, of which the chairman for some time had been Robert A. Taft. He said that the incumbent commissioner of Internal Revenue, at that time a Democrat, had made a lengthy report to his committee with a convincing case for a substantial increase in the enforcement staff especially in the corporate and individual income tax areas.

Morris: What is there besides corporate and individual income tax?

McLean: The trouble with you is you're not a tax expert. [Laughter]

He said that the committee had been quite impressed with the evidence and had obtained a large appropriation from Congress so that the committee could make further studies to determine the wisdom of the increased cost. He said he had been asked to assemble the necessary top personnel, including the four committee members. Selections had been made with due regard to geographical distribution, and three of the appointees had already accepted. They were: Henry Herrick Bond, a Republican from Boston and financial leader in New England for many years. How did I start that sentence?

Morris: The three members had already accepted and they were...

McLaren: The second was a comparatively young economist [George Mitchell] who was highly regarded for his work as vice president of the Federal Reserve Bank of Chicago. He was a Democrat.

McLaren: The third was (I'll have to look his name up) [William Carter] who was a practicing CPA in Atlanta, Georgia, a past president of the American Society of CPA, and an active participant in Georgia politics. Do I say he's a Democrat there?

Morris: No, but I guess he might be.

McLaren: In Democratic political activities.

Morris: Active in Democratic politics rather than in politics for the CPA Society?

McLaren: Yes, yes, that's right, in Democratic politics.

My name was the final one. I told Stan that I was highly complimented to be invited to join the group. That ordinarily I would take the offer under advisement, but since that was just a waste of time, I would accept immediately and enthusiastically. It was really quite an honor, you know.

Morris: Good. I take it you had been aware that this report was being--

McLaren: I didn't know a damn thing about it. I hadn't followed it at all.

Morris: But you thought it was a good idea that there be such a--

McLaren: This was from top to bottom, this was very, very constructive.

I proceeded to rearrange my immediate plans, so that I would be in the position to take over promptly. This was one of the most interesting and enjoyable assignments I have ever had. Not only was the board a most harmonious one, but practically everybody--  
[end tape 15, side 2; begin tape 16, side 1]  
[Date of Interview: October 7, 1977]

McLaren: Just one thing I wanted to add about our class reunions, and one or two of the amusing things that happened there--

The Class of 1914 has always been strong on reunions. Commencing in 1924 we have always featured a reunion every ten years, with less elaborate gatherings at five year intervals. The reunion of 1924 was held in the large ballrooms on the main floor of the Fairmont Hotel. I do not have the attendance figures, but to the best of my recollection somewhere in the neighborhood of one thousand--alumni and their spouses--

Morris: That's a good turnout.

McLaren: --were present. We had a fairly elaborate program of entertainment, furnished entirely by members of our class. This included a small orchestra, singing, dancing and speeches.

Morris: Did you write something for the occasion? You must have.

McLaren: In the course of the proceedings a remarkable incident occurred which is really worth recording. For obvious reasons the names are fictitious. I told you this before, remember.

Morris: I don't think so. I'm going to have to now try and figure out who goes with those fictitious names. [Laughs]

McLaren: One of the popular members of our class was Dick Shore, captain of the crew. After World War I he moved to an extreme part of northern California to take charge of a large lumbering operation. None of us had seen him since graduation until the tenth reunion. It so happened that one of his good friends in college was Sammy Bernbaum. In wandering through the crowd Dick suddenly spotted Sammy. Now for the drama. At the beginning of World War I Sammy's family had changed their last name from Bernbaum to Burns.

Morris: Many Germans changed their names to more--

McLaren: Yes. Dick gave Sammy a slap on the back, and said, "It's certainly good to see old Sammy Bernbaum." Sammy replied, "Well, Dick, that's all changed now. The name isn't Bernbaum, it's Burns." Whereupon he gave him another slap on the back, and said, "That's all right, Sammy, Bernbaum is good enough for me." [Laughs] That's really quite a remarkable incident. Well, I think that's enough on this. That just sort of rounds out the whole question of the class reunions.

Now, what else is there we have unfinished?

Morris: What we were going to do was continue with the study that you did for the Bureau of Internal Revenue, in 1947 and '48.

McLaren: Oh, yes. How far did we get in that?

Morris: We just started on that. You had given me the names of the men on the advisory committee. I would like to pick up from where you said that the man who invited you to be a member of this advisory committee was somebody that you had always wanted to meet.

McLaren: Colin Stan.

Morris: Right. What was his reputation that made you so interested in making his acquaintance?

McLaren: I mentioned the names of these other men and their connections. And so we have to have something to connect it up with this. [Pause to reflect] In due course our first organization meeting was held with Colin Stan and one or two of his assistants. Stan was a most unusual government career man. For years he had been one of the leading draftsmen of changes in the Revenue Act.

Morris: Was he an accountant by profession?

McLaren: No, and he had achieved the reputation of complete objectivity and freedom from political influence. I can recall with pleasure how the two of us hit it off at the first meeting, and how our points of view seemed to coincide from the very beginning. Long after the conclusion of the committee's work, I had occasion to visit him in Washington and retain our friendship.

Morris: Did Mr. Stan tell you at all what the need for the study was, and how the Joint Committee happened to set it up?

McLaren: It was Taft who set it up. I have that in there already somewhere. It was really Taft. Stan didn't set it up, he was just carrying out the instructions of the Joint Committee chairman, who was Taft.

Morris: What was going on that they decided there should be a study of the Internal Revenue Service?

McLaren: Actually, the task of the committee was not nearly as technical as it may appear. We were not concerned with any elaborate suggestions for the revision of specific sections of the law. Rather, our job was to determine whether the Congress was providing adequate appropriations to see that the existing law was being properly enforced. It followed that if the appropriation of additional sums would ensure the collection of taxes otherwise overlooked, the main proposal was a sound one. I think that kind of fills in that gap, doesn't it?

Morris: I have one question. In reading the article in the Journal of Accountancy, I wondered if there was some concern that revenue was not coming in that was expected.\*

McLaren: Yes, sure, because they just didn't have enough people out policing it. That's what I'm trying to develop here.

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\*"Advisory Group Urges Changes in Bureau of Internal Revenue," vol. 85, no. 6, June, 1948.



- McLaren: We soon found that Mr. Bond, because of his age and health limitations would not be in a position to work closely with our committee of four. On the other hand, George Mitchell was able to obtain leave of absence from the Federal Reserve Bank of Chicago, and also Bill Carter was able to devote the major portion of his time to the project. I was in between, but still managed to spend the majority of my available time--
- Morris: Would that mean that you would spend two or three days a week in Washington?
- McLaren: It would all depend. Either in Washington or on the Pacific Coast.
- Morris: But it would take as much as two or three days a week?
- McLaren: Oh, yes.
- Morris: Did Mr. Stan have additional staff working with him?
- McLaren: Oh, yes. He had several of his staff people at our disposal. They knew exactly where to go to get things.
- Morris: Do you remember what his title was in Internal Revenue?
- McLaren: I think it was chief of staff of the Joint Committee on Internal Revenue Taxation.
- Morris: He was an employee of the Congressional committee, rather than the Bureau of Internal Revenue?
- McLaren: Yes. The first draft of the final report was prepared by Mitchell, and in almost every respect was satisfactory to me.
- Morris: This was after you had conducted hearings and presumably had your own committee discussions?
- McLaren: Yes. About the only difference I had with Mitchell and Carter was my inability to convince them that a broad basic change in the mechanics of tax returns was desirable. That involved the preparation of returns and the payment of taxes by the "nearest dollar" method rather than the dollars and cents method. I had brought several top financial officers to Washington for meetings on this subject. But both my associates took the position that politically the proposal was unacceptable. That's really all I have on this.
- Morris: Okay. I have got a couple more questions if that's okay with you. About that time the Hoover Commission was working on government efficiency in general. I wondered if that had any bearing on--

- McLaren: Absolutely none. This is just an absolutely single problem that arose without referring to any of these others. It was something that was all apart by itself.
- Morris: In reading the articles on the recommendations and the findings, there was quite a lot of concern that the Bureau was not run very efficiently.
- McLaren: Yes.
- Morris: That the staff needed upgrading, and that there should be more--
- McLaren: Oh, yes, I remember. We didn't find any evidence of real inefficiency.
- Morris: Right. But there was a curious--
- McLaren: But there just weren't enough to do the work.
- Morris: Because the workload had grown so.
- McLaren: That's right.
- Morris: During the war. I was wondering about mechanization then of things like tax records. Were machines generally in use at that point?
- McLaren: No. This was before the present age, you see. This was before the computer age.
- Morris: That was why I was interested that your committee recommended that there be increased mechanization.
- McLaren: Yes, that's right.
- Morris: Did you have much contact with Mr. Taft, and the Congressional committee?
- McLaren: No, none whatsoever. Never had a meeting with him. Colin Stan was the contact.
- Morris: Then there was a kind of continuing discussion, under enforcement of Internal Revenue regulations, that the emphasis should shift to service to taxpayers rather than--
- McLaren: Wait a minute, I let my own mind wander here. I want to go back here. Where we talk about George Mitchell who did the report, I wanted to add this one sentence. In later years George Mitchell made a splendid record as one of the governors of the Federal Reserve Bank in Washington. Now, let's go back to yours.

Morris: Okay. I was interested in the discussion that the Bureau should shift its emphasis towards services to taxpayers rather than being concerned with increasing the amount of tax they got out of individual taxpayers.

McLaren: I don't remember. I don't want to go into that.

Morris: Then there was apparently some concern that, although tax collection should be an administrative matter, that it had become a legal battlefield, and that there was a lot of unproductive litigation.

McLaren: That's right. I remember we went into that question of unnecessary litigation and the suggestion that there were not enough settlements made avoiding litigation and all that sort of thing. In giving a history of this thing, I don't think that's significant at all.

Morris: Well, apparently a lot of this litigation had to do with questions on depreciation, and I thought that might have been right up your alley as the kind of thing that--

McLaren: No, no, no. I don't want to get into that aspect of it.

Morris: Okay. Did you have anything to do with the American Institute of Accounting proposal that was made about that time, that the various industries and the Bureau should work out standard kinds of schedules on depreciation and that thereby litigation might be avoided?

McLaren: That was sort of part of the package, I don't remember the details on that.

Morris: You didn't have a liaison function with the Institute of Accountants?

McLaren: No, no, no. We didn't work with the Institute of Accountants at all. We were completely free of that.

Morris: Did they come and present testimony in some of the hearings?

McLaren: We heard them on several points. They had witnesses on several points.

Morris: Did you invite people to come and testify--?

McLaren: Yes.

Morris: Or were they banging at the doors--?

McLaren: It was both.

Morris: Do you remember anything about how those hearings went?

- McLaren: They were all rather formal, cut and dried hearings.
- Morris: Did they tell you anything you didn't already have information on?
- McLaren: Well, some of them did. For instance, the thing that--my hobby, as I said before, was this question of cutting out the counting of the cents, and there were some very interesting things came out of that that I didn't know about before.
- Morris: In support of your--
- McLaren: Mostly in support of my position.
- Morris: Good, that's always nice when you find things to support your idea.
- McLaren: [Laughs] Yes.
- Morris: There was another thing. I don't know if it is related or not, but in 1948 there was legislation having to do with those not lawyers being permitted to practice in tax court.
- McLaren: Oh, yes, yes.
- Morris: And the Journal reported that the American Bar Association had challenged that seriously. Did that get to your group at all?
- McLaren: No, no. That wouldn't have been any concern whatsoever of ours. We wouldn't have anything whatsoever to do with that.
- Morris: How did the Treasury Department and the Bureau of Internal Revenue respond to your report?
- McLaren: They functioned. We pointed out the desirability of more of this and more of that. They went along with us. Actually, they didn't resist a damn thing that we wanted.
- Morris: How did they feel about the suggestions that the Bureau should be reorganized and have closer control and coordination between the district offices and Washington?
- McLaren: Oh, that was fine, that was okay. Everything-- You see, we talked with them at considerable length on a lot of these things. We didn't spring anything on them. We had really quite a complete meeting of minds, we got on just fine with everybody actually.
- Morris: That's remarkable.
- McLaren: Except that it was such a simple problem.

Morris: Primarily a management problem, rather than a political kind of a thing?

McLaren: Well, any time you're dealing with any Washington subject, it's political, and must be approached from that angle. But this problem was so simplified because there wasn't anything that we wanted to do that anybody was opposed to. Everybody said, "Sure, this is fine." So that we had practically no resistance whatsoever on this. It was quite a remarkable experience really.

Morris: I should say so, and quite a pleasant one I would imagine.

McLaren: Oh, extremely so.

Morris: Did your committee continue to function after the report was turned in?

McLaren: No. Bingo.

Morris: No follow-up?

McLaren: No. Our report through Stan was delivered to Taft's Joint Committee on Internal Revenue Taxation. They discussed it at length and approved it, and there we were, you see. The job was done. And their recommendation was that there be a substantial increase in the appropriations having to do with tax collection, the collection of back taxes.

Morris: There was a point referred to briefly that interested me, having to do with to what extent the Bureau's administration of taxes had to do with regulation of the various categories of taxpayers. I wondered if that had anything to do with excess profits, and if that was something that--?

McLaren: Will you repeat that, I don't quite understand that.

Morris: There were references to taxation as regulation, and--

McLaren: Oh, yes, yes. I think the point there is, and very broadly, that to use taxation as a vehicle to accomplish other things that have nothing directly related to taxation--redistribution of wealth, for example. That aspect was of no concern whatsoever to our committee. That's not what we were asked to do at all.

Morris: The question was raised that if you were going to use taxes for regulations of--then that affected how much money you had to spend, because you would have to have more people on the regulatory function than on just the matter of auditing tax returns.

- McLaren: There you're dealing with the main question, assuming that there was a need. What was the need? In other words, when did it cease to become a good business deal for the government? In other words, if you get to the point where in order to collect an additional dollar, the government had to spend seventy-five cents, was that good business. You see?
- Morris: Yes, that makes it very clear.
- McLaren: We had such a broad agreement that we didn't have to go down and be specific about that at all.
- Morris: But you did establish that as a kind of rule of thumb?
- McLaren: Yes, sure.
- Morris: That you didn't spend more money to collect it than you received in additional revenue.
- McLaren: Yes, sure, that's why our job was so simple.
- Morris: Were there any particular auditing aspects of this survey that appealed to you or interested you?
- McLaren: No.
- Morris: It was mostly cut and dried?
- McLaren: Yes.
- Morris: Okay. Is there anything else about that revenue study that you think we should include?
- McLaren: No, I don't think so.

#### A Further Note on Corporate Directorships

- Morris: Those late 1940s, you seem to have been asked to become a director of a number of corporations.
- McLaren: Yes.
- Morris: The Santa Fe and a couple of local companies. I wondered how those directorships differed from the Irvine Company of which you had been a director for some time.

McLaren: I think my directorships are all listed in an orderly way somewhere along the line; showing the date when I was elected, and how long I served and so forth and so on on these various companies.

Morris: They're listed quite fully, I think, in Who's Who.

McLaren: No. Actually in Who's Who it isn't listed at all because I've got an embarrassingly long record, and I wanted to cut it out, and so whenever I would get off a public board I just simply in the next edition made no reference to the fact I had been on the board before, you see.

Morris: You just kept it your current directorships?

McLaren: Just kept it to current things, yes.

Morris: Did you see those directorships as largely ceremonial, or were they calling upon your very wide knowledge and experience?

McLaren: Each of these big companies would have a different reason for it. I think that, well, the first one, Pacific Telephone Company, was of course a local company and I knew a lot of members of the board, and I had had this experience in the navy, and some other things in my record that they thought would make me useful as a director, so that started it. And then after that, there was Santa Fe, and the Federal Reserve Bank of San Francisco, there was Rheem Manufacturing Company--

Morris: Was that just when Rheem was getting started?

McLaren: Oh, no. Rheem is an old, old company. Of course, Rheem is out of business now.

Morris: Did it merge with somebody larger?

McLaren: Yes. It merged with a company called the City Investment Company. I got off the Rheem board, well, when I got to the age limit. It must have been eight or nine years ago now, I guess. It was the age limit being reached in practically every one of these things. One big exception was the Federal Reserve Bank. When I tried to set an example to a lot of people older than I was on the board, and made a big speech and I said I thought--I was hoping that a lot of the other members would follow my good example. [Laughter]

Morris: You felt there was a time to retire from these boards?

McLaren: Oh, yes, yes.

Morris: But in general, on corporate boards there is no term limitation.

- McLaren: When I started in, which is twenty years ago, there were a few cases of compulsory retirement, but now it is very, very general. Very few companies of any substantial size that don't have a compulsory retirement age.
- Morris: Is that the sixty-five Social Security--?
- McLaren: No, it varies. The lowest is, a few cases of sixty, and many more cases of sixty-five, and many others at seventy, and then at seventy-two, and after seventy-two, oh, I would say, as a practical matter, seventy-five would be about the highest.
- Morris: You did mention the Federal Reserve Board briefly, and my recollection of what you said about that was that it was not a particularly challenging responsibility. Is that correct?
- McLaren: That's right, that's right.
- Morris: So it really wasn't policy decisions, it was more housekeeping kinds of things?
- McLaren: That's right. Because of the fact that the policies of each of the Federal Reserve local boards are really dictated by the Federal Reserve Board in Washington. If an important decision comes along, well, the president of the bank is told, this is the way the board feels about it--off the record, you see. So, that was more of a sort of prestige--
- Morris: A reward to you for other good service?
- McLaren: Sort of representing the public. I mean, it's kind of a tribute to your honesty and your integrity, really.
- Morris: I would have thought there would be some leeway for regional variations, that some of the financial situations--
- McLaren: Oh, there is, in minor ways. But not from a standpoint of making any really important policy decisions on its own that would bind or embarrass other banks in the system. That was all controlled from Washington.
- Morris: What about leeway in dealing with local banks. Doesn't the Federal Reserve Board control interest rates and money supply?
- McLaren: Yes, but that's all cut and dried, though. Oh, yes, sure.
- Morris: Oh, dear, and here I thought you were participating in keeping the money supply stable and adequate, and all that.



McLaren: No, no, you were promoting me. [Laughter]

Morris: That's why it's useful to talk about it, because the Federal Reserve Board sounds very august from outside.

[end tape 16, side 1; begin tape 16, side 2]

Morris: Would the other companies have required as much of your time and effort as being on the board of the Irvine Company?

McLaren: Oh, no. No, because, you see, I was chairman of the board of the Irvine Company, and therefore, I had to spend a lot of time. The main point to remember there is that the Irvine Foundation and Company--under the trust that was created by Mr. Irvine, he gave the responsibility to the directors of the Foundation to run the Irvine Company. Do you see what I mean?

Morris: I see.

McLaren: Which meant that--and in effect the Foundation delegated to me responsibility of running the Company with the understanding that if anything ever arose where there was a conflict, or where I wasn't sure of my own position, that then the Foundation directors as a whole would get into the thing and make a decision. Well, that as a practical matter never came up, so that I really had quite a responsibility.

Morris: In that sense the Foundation almost sounds like a holding company.

McLaren: Well, that's what the Foundation was, yes. That was the main job of the Foundation other than collecting money and giving it to charity, well, dictating the policies of the operating company that it owned.

## XI JOINING HASKINS &amp; SELLS

Decision to Merge, 1952

Morris: In those years, were you bringing many people into McLaren, Goode & Co., and developing them as close associates?

McLaren: No, no.

Morris: You were pretty much running the company?

McLaren: [Chuckles] I was completely busy at all times with matters that had very little to do with first McLaren, Goode & Co., and then Haskins & Sells.

Morris: So, had you kind of delegated the running of McLaren, Goode to a partner?

McLaren: Yes.

Morris: Who would that have been?

McLaren: After the war, when I came back into the office, the partner in charge had been Louis Lilly, and he continued that until we went into Haskins & Sells--that was in 1952.

Morris: Mr. Lilly was with you a long time.

McLaren: Yes.

Morris: Was he a contemporary of yours?

McLaren: Substantially so, yes.

Morris: And what was going on that made it seem like a good idea to merge with Haskins & Sells?

- McLaren: Well, that's the kind of intimate aspect of it. The basic reason was that our firm had arrived at the state of its historical development that we were neither a small local firm nor were we a regional or national firm. So that in our various offices, our local clients had grown to the point where they needed more financing, or were talking about merging with some other company, and that sort of thing. So that as that growth continued, the bigger our practice became, the more vulnerable it was to being lost by people acquiring a controlling interest--rather, new people had different auditors, and that sort of thing.
- Morris: As clients merged, and things like that, you had no control over who they merged with--
- McLaren: That's right, we had very little control over it. That was the main reason why we decided to look seriously at this situation, and decide whether we ought to draw in our horns and be much less ambitious and not to compete directly with the national firms, or what our best answer was. And after a very, very deep study we decided that Haskins & Sells was the best firm for us to live with, so that's the way it worked out.
- Morris: Was it you and Mr. Lilly who did this study?
- McLaren: No, Lilly had very little to do with it. He was more interested in the accounting practice primarily in our office, and then some of our other offices, too.
- Morris: He liked the nuts and bolts.
- McLaren: But not on this--he was practically out of this aspect of it.
- Morris: How do you go about making a decision like that?
- McLaren: [Laughs] It's not easy. We had overtures, several other of the large national firms who wanted us to come in.
- Morris: I can imagine. McLaren, Goode & Co. was pretty much pre-eminent in the Bay Area.
- McLaren: Oh, yes. Well, anyhow, it worked out all right.
- Morris: What particularly about Haskins & Sells appealed to you?
- McLaren: Well, let me put it this way. I remember I called a meeting in New York, and I had the top partners of all our offices there, and I told them about some recent developments and some of the things that worried me about some of our big clients, how uncertain our future was with them. And I said, "Now, the purpose of this meeting

McLaren: is to get the advised opinion of each partner, speaking for himself, and his responsibility to the firm, as to what the best thing is to do. First, whether or not we ought to continue on the way we're going, and struggle along, and gamble on the future." They all agreed, no, we ought to do something.

And the next was, "Well, if that's the case, what firm of all that have been mentioned would you vote for." And I said, "On this one, I want to have a secret ballot here. You can ask questions before we do it." There were quite a few other questions asked about this firm and that firm and the other firm. "Then we'll all write down on this ballot." So, it got to the point, and every single person was for Haskins & Sells, which made it nice, you see.

It made it nice for Haskins & Sells, too; they appreciated it. So then we started negotiating with them. In the course of a few months' time it worked out as a complete arrangement for them, and I've never heard a single partner of ours at any time that went into this thing who's regretted doing it. It took a terrible burden off us.

Morris: Burden, in what way?

McLaren: Well, let's see the best way to express that. Well, a burden of working out a program under which we were constantly alert to look for any weaknesses in our armour, as far as any of our clients were concerned all over the place. That was the principal one. Of course, with that there's the financial aspects that Haskins & Sells was a great big firm, and had very substantial banking situations scattered around the country. We were operating on a perfectly sound basis, but it just solved any financial problems for the future--that was another very big thing.

Morris: In terms of current operations and cash flow, and--

McLaren: That's right. And paying off partners' estates, and things like that.

Morris: What about things like retirement and all those fringe benefits?

McLaren: We had a very, very simple and non-obligatory method of taking care of retired partners in our office. But they had over the years worked out a very, very complete retirement scheme, very complete and very satisfactory.

Morris: Including all the people lower down on the totem pole?

McLaren: Oh, yes. That's been quite satisfactory.

Big Eight Accounting Firms

Morris: In 1952, were the Big Eight already the Big Eight?

McLaren: Yes.

Morris: That goes back a long way?

McLaren: Yes. The so-called Big Eight, the personnel hasn't changed in the Big Eight for, oh, that goes back quite a ways.

Morris: We're talking about 1952.

McLaren: By 1952 the Big Eight was very definitely set.

Morris: So they go back to the thirties?

McLaren: Oh, yes, yes. In the early thirties there had been some changes. One of them was a firm called Barrow, Waite & Guthrie & Co. that really liquidated and merged into another firm. I don't remember the exact details there. But the Big Eight as such, at least for fifteen years the personnel has been the same.

Morris: Were those big national accounting firms going through the same kind of feeling of a need to merge that was going on in industry in general?

McLaren: During all this period there was a tremendous turnover in clients of the larger accounting firms. Some of them were much more aggressive than others. They were considered by some to be unethical in soliciting business. Things like that. But there was a very big change-- And of course all these lawsuits started by security holders and so on, accusing the various accounting firms of incompetence and causing loss to the stockholders, and so forth.

Morris: Really?

McLaren: Oh, yes. There was a big development.

Morris: By stockholders, not by the directors of the company?

McLaren: No, by outside stockholders. That's one of the most important elements of expense that we have now. We have to carry very heavy insurance against suits like this.

Morris: Would that also be a reason why it would be a good idea to be part of a larger firm that had more expertise and assets to handle this kind of thing?

- McLaren: Not necessarily. I would say among the big accounting firms today that the largest one wouldn't necessarily be the soundest one. In fact, I think that probably the two that have the largest practices are less sound than some a little way down the line.
- Morris: Sometimes bigness makes it a little easier to be more careless or something?
- McLaren: That's right.
- Morris: Or larger sums of money don't look so big.
- McLaren: I don't think that has any bearing on it. Put it this way, there have been enough of these so-called strike suits to make every accounting firm of any significance in the country highly aware of the importance of extreme care in auditing.
- Morris: What brought on this rash of security-holder suits? Were there some problems with some kinds of audits?
- McLaren: I would say shyster lawyers were the principal factor. They would line up a bunch of these-- In other words, here a company that was a listed company, not necessarily very big or very small, would fail. Well, all right. Then these shyster lawyers would get in, and they would start suing the management. They'd line up the independent stockholders and represent them. And pretty soon they got the idea, "Well, gee, this is fine but as long as we're doing this, why not get in the accountants, too. They're responsible for these reports and so forth." So that's the way the whole thing got its foothold, and it's grown so that, oh, today there are just literally hundreds of unsettled suits. Then, of course, that brings in the big insurance companies, and they decide whether to try to settle the suits or litigate, and oh boy.
- Morris: Is this something that you insure against, or do you have some kind of a contingency fund?
- McLaren: No, no, you can get adequate insurance.
- Morris: Is that parallel to, or similar to, medical malpractice?
- McLaren: Yes, that's a fairly close parallel. Lawyers are getting in it more and more now, too. They're being sued.
- Morris: That's an interesting comment in general. What happened to the expectations of business and the professions that has produced this kind of growth in so many fields.

McLaren: The Journal of Accountancy, the accounting publication, is just full of all these suits these days.

Morris: Is it a factor of business, that as corporations get bigger and--?

McLaren: No, I don't think so necessarily. We're the auditors, for example, for General Motors Company, and they're a perfectly huge company, and of course our audit is worldwide, it covers all kinds of activities. We have people all over the world most of the time on companies like General Motors. We've had a close relationship with them for years and years. It remains a very happy one, so that one of these days somebody might start a suit against General Motors, and as part of it sue Haskins & Sells for fifty million dollars. I mean to say, there's no way you can insure against these suits being brought.

Morris: They might do this because there was a close and friendly relationship between the auditing firm and the manufacturing firm?

McLaren: That would be a minor factor. It would be ridiculous to say these people have been friends for a long time, and therefore they're bound to be guilty of crooked relations. That just doesn't follow.

Morris: When you had worked out the details of the merger, did it make any major changes in how the McLaren, Goode & Co. branch operated?

McLaren: No. No, no.

Morris: What about things like recruiting and training executives?

McLaren: We do that on a national basis. We have a big department in New York that works on that all the time. One of the biggest things that we do there, and we're not by any means the only ones, there is quite a number of the bigger firms that do it, we set up a whole series of engagements with accounting students that have been recommended and have good records there, you see. And then we go to, well, New Haven, Connecticut, for instance, to the Yale people, and we will spend several days with our people just examining them. In addition to getting information about the candidates, to strengthen our appeal to the candidates as compared with coming into some other firm, you see.

Morris: It's that competitive?

McLaren: It's very competitive, oh, yes. And that applies only to the top students.

Morris: What makes a top student?

McLaren: I guess grades mainly.

- Morris: What I'm leading up to here is that now the managing partner for Haskins & Sells is somebody who came through McLaren, Goode & Co., if I'm not mistaken, and also came from the business school at U.C., Berkeley. [Michael N. Chetkovich]
- McLaren: That's right.
- Morris: That sounds like something one would be rather proud of. Did he work with you all the way through?
- McLaren: Oh, yes, he's never had any other job except with us.
- Morris: Did you pick him in the first place because he was one of the bright young men at Cal?
- McLaren: It just happens that we have always been very close to the accounting department over in Berkeley. Any number of our partners from time to time would give courses over there, and that sort of thing, and they belong to the honor societies and they sort of keep up their connection with them, so that that has been one of our-- Of course, we've been the auditors of the University of California for ever, so that we've had this very happy association with them.
- Morris: Do other branches now of Haskins & Sells have the same thing, like to have their partners go and teach, and get to meet young students that way?
- McLaren: That's universal throughout the firm.
- Morris: Is that two-way, partly community service and partly a way to keep an eye on the young talent coming along?
- McLaren: What do you mean community service?
- Morris: One of the ideas in education is some of the best teachers are people who are actually working in the field. To have a working accountant come and give a class, is that a community service, or does he get released time and get paid for that by--does he get paid for that by the company, or does he get paid by the university when he's teaching an accounting class?
- McLaren: You don't get paid by either, it's the other way around. The students have to pay for that education.
- Morris: Right. Generally, do they teach a whole class or do they just go in and give a lecture now and then?
- McLaren: That's all over the lot, in other words, there may be cases where the business schools today, and the accounting aspects of it, they'll have a course and in that course there may be three or four different



McLaren: CPAs that will come in and lecture separately on various aspects. On the other hand, the whole course from beginning to end may be conducted by the man in Berkeley.

Morris: It sounds like it's a good way for practicing accountants, and students, to become acquainted and get to know each other.

McLaren: Well, that's right, that's right.  
[end tape 16, side 2; begin tape 17, side 1]  
[Date of Interview: October 13, 1977]

Morris: I've been reading the seventy-five year history of Haskins & Sells.\* I gather that they were one of the first of the major accounting firms that was started by Americans and not British.

McLaren: That's right.

Morris: I wondered if that had anything to do with your interest in joining up with them.

McLaren: No, no.

Morris: Does it make any difference to how they go about things?

McLaren: No, it doesn't make a bit of difference.

Morris: There isn't that much difference any more in the American and British--?

McLaren: No. There was a tremendous difference way back in the early days, and a great deal of rivalry that wasn't too friendly, but that's in the past stage now. In other words, you never hear of the distinction made between British firms and American firms any more.

Morris: So, it's mostly a matter of historical interest, before you got involved really.

McLaren: That's right.

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\*Haskins & Sells, Our First Seventy-Five Years, Haskins & Sells, 1970.

Earlier Acquisitions

- Morris: The book indicated that in the forties McLaren, Goode & Co. had a couple of mergers itself.
- McLaren: That's right. Several.
- Morris: White & Currie in Seattle in 1945.
- McLaren: That's right. And West, Flint & Co. [New York]. That was later.
- Morris: About 1950. What brought those on?
- McLaren: Just natural expansion.
- Morris: And then, did you reorganize McLaren, Goode & Co. so there was a Mr. West who was involved in it?
- McLaren: No, we didn't reorganize. We merged the two firms, and a group of partners of these other firms who were brought into the new firm, which was called McLaren, Goode, West & Company. That was only on a temporary basis, actually. It was sort of a transitional composition. Not too long after that we were absorbed by Haskins & Sells.
- Morris: Haskins & Sells had acquired several practices in the forties. But the merger with you was about the major one they had done since the thirties, wasn't it?
- McLaren: That's right. Well, in the same year they worked out a merger involving the American practice of one of the largest English firms, Deloitte, Plender Griffiths & Co. That occurred in the same year. It was one of the largest British firms.
- Morris: Because they could see that there was going to be more international business arising?
- McLaren: It was more Haskins & Sells that had a practice in Great Britain, and it was just more logical for the British practice to be taken over by Deloitte's, and for the American practice to be taken over by Haskins & Sells. It was a very natural thing to do, and of course the way the thing was worked out, each practice was separately evaluated, and that determined the amount of units that would be issued for the practices that were acquired by Haskins & Sells..
- Morris: Did you do most of the negotiating yourself in these various acquisitions and then with Haskins & Sells?

McLaren: Yes. Substantially all the negotiations were conducted by me, with the assistance of one of our partners, James Runser.

Morris: There was, let's see--was Mr. Queenan already the senior partner at--?

McLaren: No. Arthur Foy was the senior partner of Haskins & Sells when we came in. And a few years later he was succeeded as the chief, that is, the managing partner, by John Queenan.

Morris: He was reported to be the leader in the business of working out the boundaries with attorneys as to the role of attorneys and of accountants in tax practice.

McLaren: He was one of the leaders. One of the two or three principal negotiators for the accounting profession.

Morris: Since you've been involved in the matter of income tax yourself over the years, did you participate in any of that process at all?

McLaren: None.

Morris: Had you by then, 1957, pretty much gotten out of the tax end of things?

McLaren: Yes.

#### Current Questions in Accounting

Morris: The other thing that was interesting was the business of management services. Was this something that--?

McLaren: No. That has been a gradual development that has speeded up very materially during the last ten years. It was a distinction between straight auditing services, or services relating to improved accounting records and procedures within the firm, and offering advisory services to clients as to how they could improve their own internal accounting standards, and adaptation to individual cases of some of the improved methods that have been evolved.

Morris: Is this something that is taking up more and more time in accounting firms?

McLaren: Oh, yes. It has become a very important branch of accounting, of the total services rendered by accountants.

- Morris: Does that produce any differences of opinion with people who are primarily in the management consulting field?
- McLaren: I would say that as far as my own knowledge was relative to this, there has been on the whole a friendly rivalry, but not any extended quarrels or charges or anything of that sort.
- Morris: When an accounting firm provides that kind of additional service, is it usually as an adjunct, or does it come after you've already become the auditors for a client?
- McLaren: Curiously enough, in many cases it's the first connection you have with a new client. Just as a supposition, supposing that we have done for one of our regular clients a study and worked out a solution as to some internal problems, and to the great satisfaction of the client, and then in casual conversation that client in talking to his competitors had informed the competitor of what we had one, whereupon the competitor will come to us and see if we can't do the same thing for him.
- Morris: I'll be darned, yes.
- McLaren: That is not the rule, of course, but that happens frequently.
- Morris: As a big firm like Haskins & Sells has grown and gone into additional services, what happens then in the whole scheme of accounting things to the smaller firms?
- McLaren: The enterprising smaller firms have done very well for themselves in this process of evolution. They have to be quite intelligent in order to determine whether in this new type of activity they are actually themselves qualified to undertake a specific engagement. That's their real problem. Perhaps they can solve it by undertaking a limited engagement and doing a great deal of research work, becoming ready for the next part. Something along those lines.
- Some of the younger firms in this new era, have done remarkably well. Others have been hurt because either they lacked the competitive approach, or they just simply haven't wanted to put in the time necessary to keep in touch with all these new complicated matters. So that some of them have suffered very materially. I think in the case of that group, the answer is that to the extent that their practice is of any value at all, they probably would be better off in working out a deal under which they become part of a larger organization.
- Morris: Does it generally work out that the larger companies go to the larger Big Eight for their work?
- McLaren: If you would state that in very general terms, yes. That would be natural.

Morris: Do the small firms ever come in and offer some kind of competitive advantage so that some of the big companies go with a smaller accounting firm?

McLaren: Now you're getting to the question of competitive prices. There are a substantial number of respected clients who regard this kind of service as a compliance with the legal requirement, and they're not particularly enthusiastic about it. In those cases there, the question of total cost is very, very important to these people. But, to philosophize a bit, the total cost to begin with, which looks pretty small, may end up by being quite extravagant.

Morris: In what way?

McLaren: Because of the inability of the price-cutting firm to supply the same intelligence and same delivery of service that some of the better firms are capable of.

Morris: So in general the smaller firms hope to get good enough so that somebody will ask them to merge? Is that the way it works?

McLaren: As an observer, from the sidelines so to speak, I think that that is the happiest and most likely solution, although it's not necessarily agreed to by some of the smaller firms.

Morris: There are some who like their independence?

McLaren: I think we covered that in the early part of this.

Morris: One other thing is, are the smaller firms a source of talent? Is there any recruiting?

McLaren: In general the answer is no, because of the lack of diversification available to individuals in the smaller firms.

Morris: You mentioned the complexity of accounting over the years, and I wondered if the growth of the use of computers has had an impact on--?

McLaren: It's had a tremendous impact, tremendous.

Morris: For better or for worse?

McLaren: It's undoubtedly for the better, although it has created many unheard of problems. One of the most vital being the difficulties, especially in large corporations, which the independent accountants face in making audits. Because of the high speed involved, and the possibility of deliberate falsification of the records. This

- McLaren: is the problem which has been under study for several years, and a great deal of progress has been made, but there's still opportunity for further tightening up.
- Morris: Do accounting firms use computers themselves?
- McLaren: Oh, sure. Oh yes.
- Morris: I suppose there isn't a business now that doesn't.
- McLaren: There are very few businesses of any material size that either fail to use their own computers or engage computer experts to come in and do the computing work for them.
- Morris: Is that a sub-specialty? Are there accounting people who--?
- McLaren: That is not a job that would represent percentage-wise any great volume of the total in the hands of CPAs. The major portion of that type of activity would involve the computer manufacturers themselves who have trained staffs to do the necessary installation and then current work later on.
- Morris: You said the potential hazard of falsification of records, is that in your experience a serious matter?
- McLaren: No, no, no. As the whole capacity of computers became apparent, then at the start there was some concern that the advanced techniques involved would lend themselves to the possibility of dishonesty. But as time has gone on, that figure has been very, very materially reduced. And eventually, I think, will be conquered entirely.
- Morris: Is that something that becomes more of a hazard as firms get larger and larger?
- McLaren: Not necessarily. You're talking, of course, to a non-expert in computing in all this conversation, you know. All I'm telling you now are things that my partners who are fully familiar with this area have told me. But it is purely second-hand knowledge.
- Morris: There were a couple of articles in Fortune magazine in 1960 about the accounting profession which I came across that were quite interesting.\* They raised the question that possibly accounting

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\*"The Auditors Have Arrived," T.A. Wise, Fortune, November and December, 1960.

Morris: firms could get too big. Is this a question that the accounting profession has ever given any thought to?

McLaren: There's always been a lot of talk about it, but the answer is that that is not so at present. It might possibly become so in the future. Now, I think a good parallel to that is the brokerage profession. Here in one firm, Merrill Lynch, Pierce, Fenner & Smith, are by far the largest. In fact, the pressure is such that in order to obtain their fair share of the work, a number of the really big brokerage firms are now engaged in merger conversations in order to overcome that tremendous advantage that Merrill Lynch has at the present time. In fact, just the other day, a merger was announced of Dean Witter & Co., and Reynolds & Co. So that the same broad reasoning could be applied as far as accounting was concerned.

In the first place you have the so-called Big Eight, and then behind them another dozen very large firms, and they sort of spread out as you get smaller and smaller. But I don't think that the studies that were made at the time to which you refer were in any depth at all, and I think it was just mostly conversation. I don't think that--

Morris: They pointed out that between the Big Eight and the next group of firms there is a large distance in size.

McLaren: Yes, to a certain extent, although-- The answer is found, I think, in what has happened since. I don't know of any effort that is being made today to attempt to curb the size of the larger firms.

Morris: As long as there are eight of them they'll keep each other in balance. Is that the thinking?

McLaren: No, it's not that. As a practical matter, how do you go about it? As long as there are no abuses that will stir up the public, resulting from that accumulation, I don't think the chance is even remote of any legislation along those lines.

Morris: And it would be legislation, you think?

McLaren: Oh, yes. It would have to be legislation.

Morris: It's not the kind of thing that the American Institute would ever address themselves to?

McLaren: Oh, hell, no.

Morris: We need more smaller firms?

- McLaren: Oh, no. The only way it could come would be through legislation.
- Morris: Does the Institute have any actual power to see to it that some of these rules and regulations they've developed over the years are lived up to?
- McLaren: Certainly they can--where they're not lived up to, the member who was guilty of the infraction is formally charged and, if convicted, is either suspended for a period or--in most cases--they're expelled. And when he's expelled, then bingo, out the window goes his entire accounting practice.
- Morris: Gee, that sounds pretty drastic. Does that happen very often?
- McLaren: Yes, it happens several times a year. The cases are scattered all over the country. Of course, most of them are rather small cases.
- Morris: Another comment I came across a couple of times that interested me was that accountants in general like to be kind of self-effacing and not in the middle of activity, and particularly the senior partners do not actually get involved that much in business. That they're more involved in the contact work. Is that generally true do you think?
- McLaren: No, no. That would depend entirely upon any given work, large, medium and small, and geographical location, the specialties involved. A great many factors. You couldn't draw any conclusions in general, I don't think.



## XII IN CONCLUSION

Gradual Retirement from Business

Morris: Let's see. You retired officially from Haskins & Sells in '58. Do they normally want somebody like yourself to stay around in a consultant-advisory capacity?

McLaren: You see, in Haskins & Sells you retire by giving up a portion of your interest in the firm over a period of years. So, actually, the minute I became a partner of Haskins & Sells I was being retired.

Morris: Would you explain that a little bit more.

McLaren: In order to make up for that because I was, I guess what you might call a key figure particularly as far as the West was concerned, they kept me on on a basis on which I didn't have to give up as much as ordinarily, so that my own income would be preserved for a longer period. That's been done, I know, not only in our firm but in a lot of other cases.

Morris: So, it isn't like giving one a gold watch at sixty-five.

McLaren: No, no. [Laughs]

Morris: That sounds like a very sensible way to do it.

McLaren: Yes.

Morris: And as long as you're still then a part of the firm, do you participate in policy-making and discussions and what not?

McLaren: You're not supposed to at all. While your interest is still being paid out, then you remain a partner. But the minute your interest is entirely paid out, then you have nothing left to--you have no

McLaren: voice whatsoever in the affairs of the firm. None whatsoever. Now, that means that in my case, if something came along involving the merger of one client into another years before, and the record showed that I had been quite familiar with what happened, then they might come to me and say, "What is your recollection? Would you go over the situation here, so that we'll have your full recollection of exactly why things were done this way." Now, that would be purely as a consultant. But as far as having any voice in the affairs of the firm, no.

Of course, there is one further protection as far as the retired partners are concerned. As soon as they're fully retired, then they're not subject to being joined with other partners of the firm on any lawsuits. You know we were talking last time about these lawsuits. So they're protected from that to a limited extent. Certainly they're protected fully as to some action of the firm that does not commence until after they're fully retired. Even if they're not fully retired when one of these things is taking place, that is something that is recognized by the insurance people, too, so that that's one very important thing in their future relations with the firm.

Morris: But since a lot is based on acquaintances over years and years, it would seem like it would be a reasonable procedure to consult the retired partners.

McLaren: There's no obligation in our firm for the retired partner to do anything. It's entirely up to him the extent to which he wishes to keep in touch with firm affairs. All of the more important partners are supplied with a room and secretarial services, regardless of their interest in keeping in touch. If a situation arises where a former partner may have some special knowledge about an industry, and something comes up in that industry, and they ask him to come in on a consulting basis, it's entirely up to him to accept the offer or to say, "I'm sorry but I'm retired and I don't want to do it."

It's worked out in a very practical way. It's been a fine arrangement.

Morris: It sounds as if, then, that as people retire on this gradual basis they're then putting in less time and so that makes more room for increased responsibility for the fellows coming along.

McLaren: What actually happens is, it has a way of balancing out, because as the younger fellows come along and are entitled to become partners, they have to pay for their interest, you see. They're brought in as partners when some older partner is being paid off, so they are in effect buying out the old ones, you see.

Morris: I see, yes. Does it work like that in any other fields that you know of?

McLaren: Yes, and the same general thing applies, I know, in other accounting firms, and I'm quite sure in many other different kinds of activities, professional particularly. Medical would be one.

Morris: I'm interested because one of the things that's come up in the news again is that they've decided you can't enforce a sixty-five year old retirement age, that people should be allowed to work later if they want to, but less, which seems sensible.

McLaren: Yes.

Morris: Having decided in college you didn't really want to go into accounting, and then made your career in it, what was interesting and satisfying enough that you stayed with accounting?

McLaren: I suppose the answer to that is when I got into it I found it much more interesting than I had ever dreamed it could be. Of course, remember-- Bear in mind that as I recorded earlier, there had just been a tremendous change in the outlook of accountants as the result of the high income taxes of World War I.

U.C. Student Center: Working with Clark Kerr

Morris: It was after you retired that you started picking up honorary degrees, so you were doing something with your time besides retiring.

McLaren: [Laughs] Well, I suppose you might--

Morris: Yes, I would like to talk a little bit about that because, let's see, the citation that Clark Kerr read when he was presenting you with your honorary degree at U.C. spoke in terms of your civic leadership and as a friend to higher education in California. And he spoke of sympathetic advice and effective years of planning and building the U.C. student center, and other worthwhile projects.

McLaren: I was in the start in an entirely different capacity when the student center was being planned, before they knew how much they wanted to raise to build it. I was a member of a committee with three alumni. The chairman of the committee was Clark Kerr who was then chancellor. So, this was a planning job; the location, the type of building that was required, and all the mechanics of what was then a brand new venture for them, a separate students' union.



THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

IN RECOGNITION OF HIS MERITORIOUS ACHIEVEMENTS HAVE CONFERRED  
THE DEGREE OF DOCTOR OF LAWS UPON

NORMAN LOYALL McLAREN

A practitioner of accounting who stands among those at the very top of his profession, serving frequently as a consultant on problems of national and international scope. A civic leader, and a friend of higher education in California. A loyal alumnus of the University of California since his graduation in 1914. A source of sympathetic advice and effective help during our years of planning and building the new California Student Center, and in many other worthwhile University projects. We honor today his professional and civic achievements, and his valued friendship to education.

IN WITNESS WHEREOF THIS DIPLOMA IS INSCRIBED WITH THE SIGNATURES  
OF THE PRESIDENT OF THE REGENTS AND THE PRESIDENT OF THE UNIVERSITY,  
AND TO IT HAS BEEN AFFIXED THE OFFICIAL SEAL

GIVEN AT BERKELEY THIS TWENTIETH DAY OF MARCH IN THE YEAR OF OUR  
LORD ONE THOUSAND NINE HUNDRED AND SIXTY-ONE  
AND OF THIS UNIVERSITY THE NINETY-THIRD

/s/ Edmund G. Brown  
Governor of California and  
President of the Regents

/s/ Clark Kerr  
President of the University

McLaren: The meetings used to be held in Berkeley and at that time I was living in Berkeley. Clark Kerr was always late for appointments (everybody knew that, it's no slander to say that about him) so I would show up for these meetings and would arrange at home for a late dinner, "Expect me when you see me." We'd always stay until seven or eight o'clock at night going over these things, and so it ended by actually Clark and I spending more time than any two individuals on the planning of this.

We ran into these longhairs who had these crazy ideas, from a faculty approach, you see. Clark and I had some terrific battles with them. The most interesting one was that finally, when we got down to figuring what the budget would require, it had to be lopped off; they were over-estimates. So their solution was to just cut out entirely the underground garage in the building, on the theory they could get by temporarily, and then a little bit later they could go to the public or somewhere and raise the money for this underground garage. And dig it out of the granite with this building over it. We had a terrific battle with them before we could get them to give up that absolutely silly approach.

So, as a result of this, I did get to know Clark very, very well. And that undoubtedly is what led to his recommendation later on that I be given an honorary degree.

Morris: Who were the other members?

McLaren: There was Bill Hale, who's dead now, and the other one was Walter Haas, Sr.

Morris: Who recruited who for that committee?

McLaren: I believe that Bill Hale was the one that recommended me to Clark Kerr, whom I knew very slightly at the time. Clark made some inquiries and that's the way it happened.

Morris: Now, when you say student center, is this the one that was built on Bancroft Avenue?

McLaren: That's right.

Morris: I thought that was built primarily with funds from student fees.

McLaren: Oh, no, no. They had raised some money, but then we had to come through--I don't remember the figures now, but it was several million dollars more. When the campaign for raising the money started, Jim Black, who was president of Pacific Gas, and I were co-chairman, working closely with the Alumni Association.

Morris: Was this part of the Centennial?

McLaren: No, this had nothing whatsoever to do with the Centennial. That came later on. I was also one of the co-chairmen of the Centennial Committee.

Morris: I wondered because the Centennial has been referred to as kind of when the University began to really organize and do a more professional job of its fund raising. Would you say that's true?

McLaren: That's right. The Centennial campaign was much more intensely organized than the student union. Which after all was just for one project.

Morris: I don't imagine that you and Mr. Black did it all from your offices. Did you have some staff?

McLaren: No. We had--let's see what the set-up was. It was staffed by the Alumni Association. They had undergraduate committees, and alumni committees, and the whole thing was rather elaborately organized from that standpoint. They, of course, supplied all the clerical assistance.

Morris: Right. Did the fund raising end of it take as much of your time and thought as the planning part, would you say?

McLaren: Oh, heavens no. No, no, no.

Morris: What kinds of things did you and Clark Kerr find that you agreed upon in developing this plan?

McLaren: This may sound like a peculiar answer but--  
[end tape 17, side 1, begin tape 17, side 2]

Morris: --the reason you and Clark agreed.

McLaren: Agreed was that we really did our homework more thoroughly than anybody else involved with it.

Morris: Doing your homework involved for what?

McLaren: Considering the practical aspects of the final selection of facilities to be accommodated, and the staff requirements of each as to qualifications, office locations, and so forth.

Morris: Did you have a design firm that you'd retained to develop--?

- McLaren: I really don't remember that. I think undoubtedly, looking back on it, there must have been consultants that had been engaged in some of these various aspects, but probably in most cases there were some preliminary suggestions to be worked from you see.
- Morris: Was there a student committee involved at all? Did you have any of the student leaders of the ASUC?
- McLaren: Yes, I think the head of the ASUC and somebody else.
- [tape turned off to answer telephone]
- McLaren: I think that the president of the ASUC and one other student were on the committee, but they were not very active.
- Morris: Did they have any response to make to your suggestions, or were they there mostly to say what they thought?
- McLaren: I think from their attitude, we had reasonable young people. Their attitude was that they would follow the thing with interest but it really was our problem, not theirs.
- Morris: Then, were you still involved in that project when the Free Speech Movement started, and Mr. Kerr left campus?
- McLaren: No, no. That was all over at that time.
- Morris: I wondered if you stayed in touch with him after working on this project with him?
- McLaren: The main reason I stayed in touch with him was because of Irvine.
- Morris: I see, that came along--
- McLaren: You see, Irvine came along in 1958 or '57, along in there. So from there on I saw a lot of him on Irvine.
- Morris: In working out the plans for the student center, had you and he talked at all about his hopes for the University, and kinds of things you thought would or wouldn't work?
- McLaren: Student center? I don't think we ever got into the philosophical side of it. I think it was just strictly, here's a project. Right or wrong, here's a project, and how can it be made the most valuable.
- Morris: Is that kind of his approach?
- McLaren: Yes. In fact in all the conversations, and there were many, many of them with Clark Kerr, I don't think that back in those days I ever had a philosophical discussion with him about the functions of state universities and related matters.



Morris: I thought I remembered you saying at one point that Clark Kerr did want another campus in the south because he felt that that's what the university needed. So, would he have come to Irvine, and said, "This is where we think it ought to be, and can you help us find some space for it?"

McLaren: That wasn't quite the way things happened. We have a very complete story in this thing in our file, you know. But, what happened was that the regents decided there should be an additional campus in southern California, so they employed a fellow called Bill Pereira who was a consulting architect and engaged him to make a study of possible sites.

[Telephone call. Tape turned off.]

Morris: So, Bill Pereira was retained to survey possible sites?

McLaren: Yes. He studied a considerable number and finally narrowed it to five. And one of the five sites was a location on the Irvine ranch. And so regents were impressed with this site, and engaged him to make a detailed study, and at the same time instituted inquiries with the Irvine Company as to whether the site was for sale, and about on what terms the site could be obtained.

Morris: Did you have any inkling of this when it came to the Irvine Company?

McLaren: No. Serious negotiations began in the early months of 1960, culminating in a final contract toward the end of the year.

Morris: I thought some of the land was a gift.

McLaren: The unusual nature of the transaction is shown by the fact that it involved the gift of a thousand acres to the University with no cash payment whatsoever. Obviously the advantage to the Company in entering into this unusual arrangement was that the selected land was entirely surrounded by Irvine Company holdings.

Morris: Who suggested that it might be a gift?

McLaren: Oh, I forget. One of the regents of the University. I have an idea it might have been Ed Pauley, but I'm not positive.

In fact, a year or two later when the University decided that more acreage was required, a sale of certain property was arranged--

Morris: In something like a gift of land, would that have been made by the Irvine Company, or by the Irvine Foundation?

McLaren: The Irvine Company owned it.

- McLaren: --on very favorable terms. This sale established the potential value of the surrounding area for industrial, business and residential purposes. Now, how did we get off on this tangent here? -
- Morris: I started asking you about some of these civic things you got involved in when you had more time, I guess after retirement.
- McLaren: Yes, that's right. Well, I guess maybe then we better round it out by adding this. Major negotiations for the additional tract was conducted primarily by Clark Kerr and several of the individual regents, for the University, and by Charles S. Thomas, the new president of the Irvine Company. Actually, I had a--well--
- Morris: Were you sort of the great-uncle of it all, bringing them all together?
- McLaren: Kind of.  
[Tape turned off briefly]

#### Some Favorite Memorabilia

- McLaren: [Hands interviewer pile of papers] This is entirely off the subject, but it's something to decide. I've been going through in my own mind the stuff that we've collected in the way of exhibits. Now, what does that say?
- Morris: That's from the White House. The letterhead says Dwight D. Eisenhower. It's signed "Ike." "Dear Blackie." This is July, 1964. "We had a little trouble getting to the airport--"
- McLaren: Well, never mind that one.
- Morris: And that's the McLaren Hall dedication, in 1974.
- McLaren: There's another one that is a sort of citation or whatever you want to call it, that was given to the members of the Reparations Mission on their return. It's in colors, and it has the three flags. It's on the wall in my office, but it's quite colorful, and so I think it really might be an addition if we could have a copy made. Now, the only other thing of that sort is also on the wall of my room, a portrait of Herbert Hoover.
- Morris: Those would be great illustrations. We will copy them and put them with your discussion of Mr. Hoover and of the Reparations Commission.



To Loyol & man -  
with all the  
love and affection



McLaren: Now, the other thing that I've been going--fortunately, I found all this correspondence. What I'm going to do is to give you your choice. I want to make one of these as a--an autographed letter--as a gift to the University anyhow, you see.

Morris: That would be delightful.

McLaren: One of them is the amusing one about this premier of Pakistan, where Eisenhower requested through the Club that he be one of the speakers up at the Grove, and spend the night at Stowaway Camp. And then I wrote to Eisenhower and told him what a damn fool this fellow had made of himself, and Eisenhower's reply. It's really quite amusing. The other one is, which I think probably historically has more value, the time he wrote me a rather long letter telling his ideas about how the Department of Defense should be reorganized in keeping with modern practice instead of, as it is now, like a big company being run by a board of directors, each one telling the management what to do without consulting the president. Do you remember that one?

Morris: No, but I get the drift of it.

McLaren: I had better hold all these until your next visit. But he said that as a matter it concerned him very deeply, and that he was writing quite a similar letter to this one to a number of his friends, and he'd appreciate what we could do about it. I don't have a copy of my reply to him, but what I did was to have a hundred copies of this letter made, and then I sent them to prominent people all over the country, and said that if they were interested in following up, to communicate with his office at the White House. And two or three weeks later, I guess, I got a reply. There are two letters that are about the same date there.

Morris: Right. May fifth and May twenty-third.

McLaren: The May twenty-third one.

Morris: Yes, the May twenty-third one says, "I do want to no longer delay my personal acknowledgement of the immediate and effective steps you took in response to my note regarding the defense modernization plan..." Yes, May fifth, 1958, is the one about the Department of Defense.

McLaren: Yes, well, I think that's sort of historical in a sense. I mean, from the standpoint of the University I think that would have more value than the other one. I thought that as the other one is really very amusing, we can go more deeply into this next time I see you. And I also have a check list to be sure that we have the dates right on these changes of office and so on. I think we're beginning to see daylight ahead on this, don't you?

THE WHITE HOUSE  
WASHINGTON

May 5, 1958

Dear Blackie:

I am sure it is no news to you that I am engaged in an all-out effort to secure legislation under which the Defense Department may be organized to meet modern security requirements with maximum efficiency and minimum cost. In a number of instances I have detailed publicly my reasons for urging this action; I hope you believe these sound.

Because of your business experience, it seems to me that you may be particularly impressed by an analogy suggested to me lately by a good friend who heads one of our great corporations. He suggested that present operations within the Department of Defense are similar to a corporate operation that would permit each important subordinate to report separately and independently to the Board of Directors, bypassing the Chief Executive entirely. This, of course, would be completely unworkable; it could hardly be tolerated long, because tough competition with better organized units would soon produce a profit and loss statement that could spell disaster.

As of today, the Defense Department must operate under a system, or lack of system, similar to one that, as I say, would not be tolerated by a successful business corporation. All of us know that the competition faced by the Defense Department is the sternest in the world, that provided by the military might of the Soviet Union. The single objective of the Defense Department is the nation's security; in this it must be successful.

Of course, in a successful company the Board of Directors operates through its Chief Executive Officer. He is trusted to make, within the limits prescribed by the Board, decisions regarding details of general programs and operations as necessary.

I believe that, in a similar manner, the Secretary of Defense must, under broad policies prescribed by the Congress, make

THE WHITE HOUSE  
WASHINGTON

- 2 -

sure that the Defense establishment operates under single direction, is responsive to changing needs, and is in addition economically administered. Moreover, he must have the flexibility, within guide lines adopted by the Congress, to make detailed changes in programs, organization and doctrine as required by the rapidly changing technology of defense. In fact it is this technology, the advance of which is accelerated more and more each year, that is one of the most compelling reasons for according to the Secretary of Defense the necessary authority to keep the entire Defense establishment completely fit and ready for performance of whatever task may fall to it, night or day.

If this little comparison with corporate practices appeals to you as helpful in appreciating the crying need for Defense modernization, I hope that you, and others, will find it useful in awakening the public to the grave seriousness of this matter. I am sending this letter, or one nearly identical, to a number of my good friends in the business world.

With warm regard,

Sincerely,

A handwritten signature in dark ink, appearing to read "Dwight D. Eisenhower". The signature is fluid and cursive, with a prominent "D" at the start and a long, sweeping underline.

Mr. Norman Loyall McLaren  
120 Montgomery Street  
San Francisco 4  
California

Morris: I do too. I think we probably have one more session to wind up with our taping.

McLaren: Well, there's a third letter which I think is very innocuous, and that's because there were hundreds of them that were sent out. That was the invitation to go to a dinner at the White House.

Morris: I think the Department of Defense one, particularly since you followed it up and sent it round, did a little lobbying.

McLaren: Yes, because that has some relation to major affairs.

I've been giving some thought to the future a little, and I've got more damned material, of course my own judgment isn't very good on it, but I've got more damned material for a book than you can shake a stick at.

Morris: Great. I think that you should do that book. After we finish this memoir.

McLaren: Oh, yes sure. We'll get that out of the way first.  
[end tape 17, side 2]

### Coda

Mr. McLaren's unexpected death on October 23, 1977, precluded recording a few finishing details. One senses, however, that Mr. McLaren felt the narrative was essentially complete and that he could leave publication details to the University; and that he was also content that he had completed all his obligations to his many civic and business responsibilities.

A man accustomed to being in charge of events and arranging them to his convenience, he saw through to the end the complex negotiations on litigation concerning the great ranch to which he had given so much time and leadership, and passed on the direction of the foundation he led for over twenty years to others in whom he had confidence.

In a long conversation with his son, Tom, on October 19, Tom recalled that his father indicated that it was time to get other affairs in order too, and that he was considering going on inactive status at the Pacific Union and Bohemian clubs. These were all quite positive thoughts, in no way impairing his enjoyment of a luncheon party he hosted a week earlier at the Grove, a televised football game, on the day of his death, and, as his very last act, the pouring of a scotch and water.



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APPENDIX A - ASHE FAMILY TREE - BEGINNING 1725

SAMUEL ASHE, brother of General John Ashe, grandfather of Richard Porter Ashe, son of John Baptista Ashe and Elizabeth Swann, was born on the Cape Fear in 1725. He was educated at Harvard (Boston), and studied law under his uncle, Samuel Swann. He early espoused the cause of American freedom, and was a leading spirit on the Committee of Safety that governed New Hanover County in 1774-75. He served throughout the Revolutionary War in various civil and military capacities. Though not gifted with that remarkable combination of oratory and power that made his brother the great popular leader of his section, Mr. Ashe possessed other qualities of a high order that rendered him of much service during our revolutionary period. He had great force of character, was cool and intrepid, was ardently attached to liberty, and among a galaxy of great men who are the glory of North Carolina, was eminent for his wisdom and practical statesmanship. He was a member of the Provincial Congress which met at Hillsboro, August 20, 1775, and was appointed on the committee to propose a plan of temporary government for the province. In accordance with their report, the Congress invested the supreme direction of military, as well as civil affairs in a Council of Thirteen, and Mr. Ashe was chosen a member of the council. He was also a member of the Congress that assembled at Halifax in April, 1776, and which, on the 12th day of April, 1776, empowered the delegates from North Carolina in the Continental Congress to concur in declaring Independence; this being the first formal declaration for independence made by any American Colony through its organized government. This body undertook to frame a Constitution for the State. The discussion of this measure divided the leading men of the State into two parties, one led by Willie Jones, Tom Jones, Ashe, Person, etc., favoring a democracy; the other led by Iredell, Johnston, Allen, Jones, etc., who desired to preserve more of the features of the old government; these were called Conservatives.

A draft of a Constitution was prepared; but its adoption being strenuously resisted by Johnston and others who thought it too democratic in principle, the Congress did not adopt it; a temporary government of thirteen was again resorted to known as "the State Council of Safety", of which Mr. Ashe was a member, and for some time President. He was also a member of the Convention that convened at Halifax in November, 1776. In this body the Conservatives falling in the minority, the Democratic majority, under the leadership of Tom Jones, Ashe and others, proposed a Constitution and adopted it. Some concessions were, however, made to meet the objections of the Conservative party, who never-the-less remained much dissatisfied.

Mr. Ashe was on the committee that framed the instrument. He was by this Congress appointed with other distinguished lawyers on a committee "to prepare such bills to be passed into laws as might be consistent with the genius of a free people". Of this commission, it is said, in the Preface to Revised Statutes, "The fruits of their labors are manifest in the years immediately succeeding — laws which have received repeated encomiums for the ability, skill and accuracy with which they ~~were~~ are drawn". He was Speaker of the Senate in 1777, and on the establishment of a Court of Judicature, was elected one of the three judges provided for by law; the others being John Williams and Samuel Spencer. While he was on the bench, the vexed questions growing out of the war gave rise to much animosity between some of the bar and the court and a controversy in the public prints sprang up that lasted several years. McRee, in his life of Iredell, says that, "the tradition in the profession, is, that Ashe got the better of his adversaries; and that some very competent judges expressed great admiration at the vigor and sarcasm of his controversial efforts".

Mr. Hay, of Fayetteville, was particularly bitter and hostile, Ashe, from the bench having told him "that his conduct in the Court of Admiralty towards the judge

thereof ought to have been answered with a cane", and the Judges on a subsequent occasion, having prohibited Hay from appearing before them until he should apologize for some alleged discourtesy.

In retaliation, Hay, in 1786, caused charges to be exhibited in the Assembly against the 3 judges who were informed that they might attend before that body if they pleased.

Judge Ashe responded that he "had clean hands and a pure heart and should disregard the clamor and would not attend". He, however, addressed a letter to the Assembly animadverting severely on the bar. This was replied to by the bar, and Judge Ashe again responded, concluding as follows: "That in my turn I would plainly say, that though there were several gentlemen of the bar in whose friendship I had been happy, yet if they thought proper to withdraw themselves, I should have no objections, for that I was independent in principle, in person and in purse and should neither court their love nor fear their enmity".

After an investigation of all the charges, the Senate, January 2, 1787, passed a resolution of thanks, "to the Judges for their faithful services and good conduct heretofore, and especially in the cases for which they were charged before the present Assembly.

Hooper, writing to Judge Iredell, says; "This ridiculous pursuit of Hay's ended as we expected. It was conceived in spleen, and conducted with such headstrong passion that after the charges were made, evidence was wanting to support them".

A matter exciting at the time equal or greater in interest was the decision by the court in the case of Bayard versus Singleton, Martin's Reports, That an act of Assembly was void and inoperative because unconstitutional. This was the first decision of the kind made in the American States, and it occasioned the gravest apprehensions; that the court should annul a law was claimed to be a usurpation, making the State subject to the will of three men, and destructive of the rights of the legislature. Perhaps if one less pronounced in his advocacy of democratic principles than Ashe, had been on the bench in his stead, the decision at that time would not have been tamely submitted to. But his devotion to republicanism could not be questioned, and the doctrine then announced, became settled law.

Judge Haywood, (Moore v. Bradley, 2, Haw. Reports,) referring to this decision, said, "One of the judges illustrated his opinion in this manner; 'As God said to the waters, so far shall ye go and no further; so said the people to the legislature.' Judge Ashe deserves for this the veneration of his country and of posterity." He remained on the bench until 1795, when he was elected Governor, which position he filled for three terms, covering a very interesting period of our history. He strongly opposed the ratification of the Federal Constitution; and in politics was anti-federal, or Republican. He was one of the Trustees of the University of North Carolina, and took a lively interest in whatever could affect the welfare or prosperity of the State.

From him, the county of Ashe, formed 1799, derives its name.

He married, first, Mary, daughter of John Porter of Virginia, by whom he had two sons, John Baptista, and Samuel Ashe. After her decease, he married Mrs. Herrick, whose maiden name was Jones, by whom he had William Cincinnatus, Thomas, and other children who did not arrive at maturity. He died in 1813, and was buried at Rocky Point.

1. John Baptista Ashe, of Halifax, son of Gov. Samuel Ashe, was every inch a soldier. He entered the army at an early age, was at the battle of Alamance, 1771, and was severely handled by the Regulators. He was at the battle of Moore's Creek, 1776; was appointed a Captain in the Sixth Regiment of Continental troops, (Colonel

Millington's regiment) and was eventually promoted to Lieutenant Colonel. He served with distinction during the war and commanded a division of North Carolinians at Eutaw, "the bloodiest battle of the war", a field that brought our State at once great honor and much mourning. He was elected member of the House of Commons from Halifax in 1786, and was Speaker of that body. In 1787 was Senator in the Continental Congress; in 1789 Senator in State Legislature; in 1796, was again in State Legislature; and in 1802 was elected Governor of North Carolina but died 27, November 1802 before qualifying. Asheboro, the county seat of Randolph county, was named in commemoration of his distinguished services.

He married Miss Montford, daughter of Colonel Montford, and sister of Mrs. Willie Jones, distinguished for her beauty and wit.

He left issue, Samuel Porter Ashe, who represented Cumberland county in the legislature, and whose descendants now reside in Tennessee.

II. Samuel Ashe, son of Governor Ashe, born 1763, entered the army at the age of 16, as a Lieutenant; was captured at Charleston, S. C., with General Lincoln, May 1780, and suffered a long confinement on a prison ship. After his exchange he served with General Lafayette, and was transferred to General Greene's army, where he remained until the end of the war. He represented New Hanover in the Assembly. He died in 1835. He was greatly esteemed and was ever regarded as a chivalrous gentleman, "without fear and without reproach".

By his marriage with Elizabeth, daughter of Col. Sheppard, of Hillsboro, he had many descendants.

1. John Baptista--lawyer--Member of Congress from Tennessee in 1843; died in Texas, leaving issue.

2. William S. Ashe, lawyer, member of Assembly from New Hanover; member of Congress from 1849 to 1855. President of W. & W. R.R. Company from 1855 till his death. He was an ardent politician, a States-Rights Democrat, but strong in his advocacy of internal improvements. Early in the late war he was appointed Chief of Railroad Transportation of the Confederacy, with rank of Major, but desiring field service, was in 1862 commissioned by C. S. Government to raise an independent legion. Before undertaking this duty, he lost his life by a railroad accident September 1862.

He married Sarah Green and left issue.

3. Thomas H. Ashe, married Rosa Hill, and had issue, Alexander, now deceased.

4. Richard Porter Ashe, physician; served with the Texas Rangers in Mexican War; was Sheriff of San Francisco in 1851, and U. S. Navy agent at More Island in 1855. He married Caroline Loyal, sister to wife of Admiral Farragut; died in California, leaving issue.

5. Mary Porter, who married Dr. S. G. Moses of St. Louis.

6. Elizabeth, married Owen Holmes.

7. Susan, married D. H. Grove of Texas.

8. Sarah, married Samuel Hall of Georgia.

III. William Cincinnatus, son of Governor Samuel Ashe, served in the war and was, with his cousin, William, lost on board a privateer.

IV. Thomas, son of Governor Ashe, married Sophia Davis, and had issue, Richard,

Thomas and Pascal Paoli.

1. Richard Ashe married Anna Moore and left issue Richard J. Ashe, now in California.

2. Thomas, son of Thomas, married Elizabeth, sister of Admiral Bell, U.S.N. and left issue.

3. Pascal Paoli, married Elizabeth Strudwick and had many descendants. Among them Dr. William Concinatus Ashe and Thomas S. Ashe of Wadesboro. The latter was born in Orange county; lawyer, State Solicitor, member of Legislature 1842-47-'54. In Confederate Congress; elected member of U. S. Congress in 1872, and re-elected in 1874. He married Miss Caroline Burgwin; one of his daughters married Richard H. Battle, Jr., of Raleigh.

MARY ASHE, daughter of John Baptista Ashe and Elizabeth Swann, born 1724, married George Moore, nephew of General Maurice Moore, and had fifteen children, whose genealogy will be noticed in due place.

We have now finished the genealogy of a family, of which Jones, in his defense of North Carolina, page 214, says, "It contributed more to the success of the Revolution than any other in the State". And well may we say that in the field, in the legislature, in Congress, and in every position of life, they have "done the State some service". We have tried to rescue the name and acts of these devoted sons from the all-destroying efforts of time. They nobly offered up their lives and fortunes for the liberties we now enjoy. Let us do honor to their memory and emulate their example.

JOHN H. WHEELER.

Washington, D. C.

This history of the Ashe family of North Carolina copied from "Our Living and Our Dead", issues of October and November 1875.



anciently the Laurin clan. Like many other clans, they were poor but "honest", and are reputed to be one of the oldest families in the Highlands. An inscription on a monument in the churchyard at Dalginbadder in Perthshire tells the story of the massacre of a large number, or almost all of them in the 16th Century, and it recognizes their antiquity at that time. The following is an abbreviated family tree, dealing only with our immediate predecessors:

David - lived in Perth			
David (born 1704)	married Mary Wingate	Alexander	George
John Wingate, married Anna Alexander (your grand- E. Motherly ) of Manchester father, born 1817)	3 daughters	David	William
		1 son (died without issue)	Alexander (left a son)
Isabelle Harmon	Constance Mary Douglas	Ronald	Anna Geraldine
Emma	twins and another		John Gordon

Your great grandfather who lived in Glasgow was revered both by his Scottish relations and in Australia. He was one of the founders of the Colony of South Australia, unique among British Colonies. It was organized in Scotland and in London, and the City of Adelaide was planned before the colonists sailed from Britain. On landing in 1835 - the founders held a meeting under an oak tree at a place, now a suburb, called Glenelg, and the town of Adelaide exists today as they established it. Your great grandfather was manager of the South Australian Company, chartered by the British Government, and was also manager of the Bank of South Australia, merged a few years ago with another bank. He died, I believe, in Glasgow having returned home when South Australia was fairly established.

Your grandfather, John Wingate McLaren, came to London from Glasgow as a very young man and after a few years entered into partnership with his brother-in-law, Joseph Morrison, as James Morrison & Co. The firm still exists as a limited company - i.e. incorporated. He extended its business by paying two visits to Australia, China and India - before the days of steamers - and his firm became important in the wool trade. His husband of his voyages was his wedding trip. It occupied three years or more. At the time of his death he was Chairman (we should say "President") of the above-mentioned South Australian Company. His younger brother, Alexander, (died 1910) was the most celebrated preacher in England. He spent his name McLaren, as is usual in Scotland and more correct - also more intelligible to foreigners - than "McLaren".

APPENDIX B - ORDER OF THE SOCIETY OF THE CINCINNATI

It is safe to say that the Order of the Cincinnati is one of the most exclusive organizations in this country. This is because it was founded immediately after the close of the American Revolution by senior officers in the Revolution, including Generals Washington and Lafayette. One of the original requirements for membership which has never been changed is that every member must have been an officer <sup>in our armed forces during</sup> the American Revolution or one of <sup>such</sup> ~~his~~ direct descendants. Moreover, no more than one descendant of each original officer can be elected. In other words, the total membership at any one time cannot exceed the total individuals eligible when the order was founded.

The organization is divided into 13 original states plus France. In 1917, I became a member of the Northern California Society of the Cincinnati but, of course, was inactive in the Order for many years. Then Colonel Allin conceived the idea of organizing a California branch whose membership would be confined to all members of the Order residing in California. I worked with him rather closely in analyzing material furnished by the headquarters of the Order in Washington in interesting prospective members to join the group. In the meanwhile, the <sup>permission</sup> ~~proposal~~ to organize such a group had been <sup>from National Headquarters</sup> obtained with the understanding that its purpose would be the encouragement of <sup>social</sup> ~~communication~~ <sup>between</sup> ~~on the part of~~ its members but with no power to bind the parent organization. Colonel Allin became the first President of the group and I was <sup>Senior</sup> ~~one of the~~ Vice Presidents. All this occurred about 25 years ago and it is pleasing to note its uninterrupted success ever since. Following Colonel Allin's death many years ago, several members succeeded him as President but it was not until Colonel William Chapman became a member of the group that the original activities were somewhat expanded. From the start, the two principal

events each year were the celebration of Washington's birthday at a formal dinner attended by the members and their wives or other close relatives and a stag party in the fall devoted to reports from officers and extended discussions as to future programs. ~~Over~~ <sup>the</sup> years, Colonel Chapman has been the principal motivating force in most of the group's activities such as the arranging of special events and the entertainment in California of the young French representatives who are invited to this country every two years as the guests of the National Society. It is interesting that at the annual meeting of the Society in Washington three years ago, Colonel Chapman and I were introduced as the oldest members present from the standpoint of continued membership. The meeting in question was held in the Anderson House which was a gift to the Society of Larz Anderson.

[Dictated by N.L. McLaren to his secretary , circa August, 1977]



## APPENDIX C

May 19, 1976

Mr. Edward L. Lawson  
Ardsley on Hudson  
New York 10503

Dear Mr. Lawson:

This response to your letter of December 22 has been unduly delayed for the principal reason that I had hoped to undertake the research involved shortly after the close of the year. May I add apologetically that I asked my secretary to give me nudges every few weeks with respect to your request which I am sorry to say I ignored. The assignment now appears to be impractical for reasons of continued ill health. Last fall I suffered a rather severe eye hemorrhage and since that time have been constantly under doctors' care. In addition to my inability to read anything, I require the assistance of a companion when I am away from my home across the Bay or in San Francisco.

In view of my impediments, I can only give you a few random thoughts related principally to the period following the granting of my CPA Certificate in 1920. At that time, admission to the State Society was by invitation only and in addition to the possession of a CPA Certificate, the primary criteria were the moral and ethical standards of the applicant. In this era, many CPAs were denied election solely on ethical grounds. An illustration of the cleavage between the "ins" and "outs" is found in a professional letterhead reading as follows (names fictitious):

John A. Rowe  
Certified Public Accountant

Not connected in any way whatsoever  
With John X. Rowe, Sausalito

A few years later, however, pressures from outside of California brought about the adoption of a new philosophy triggered by the formation of the American Society of Certified Public Accountants in the early 20s. Membership throughout the country grew rapidly to such a point that it became a concern of the American Institute of Accountants and widened the gap between the conservative faction

dominated by the so-called British firms headed largely by Chartered Accountants. They emphasized high standards of professional performance and rigid requirements for admission to membership. Very few staff members were deemed to meet the test so that an extremely high percentage of members were partners or sole owners. The other group was headed by a few national firms and included smaller firms throughout the country. They believed that growth of the Institute should be accelerated if we were to become recognized by the public and government as a profession. They believed also that one of our most important tasks was the improvement of educational and ethical standards in cooperation with the State Societies.

In the mid-twenties, these basic differences had been heightened and continued to be unresolved until 1936. In the previous year, however, Robert H. Montgomery had won the presidency of the Institute (and I had been chosen as one of the two vice presidents) in a hotly contested election. The predominate issue was whether our best interests would be served by means of a merger with the American Society of Certified Public Accountants. Colonel Montgomery was the dominate figure in the ensuing negotiations which were successfully concluded and the merger ratified at the annual meeting in 1936. In retrospect, there can be no doubt as to the wisdom of this action.

Long before this time, there had been a decided switch of sentiment in the California Society leading to the general acceptance of the virtues of a substantial increase in its membership provided that reasonable limitations to admission were required. It was agreed that in order to insure the acceptance of CPAs as a profession by bankers, credit grantors, business and financial corporations, and governmental officials, as rapid a growth as possible in the membership would be highly advantageous. Accordingly, by the early thirties, practically all Society members were in the fold.

It seems to me that a comparison of the changing philosophies of the national organization and the State Society is of interest.

Presumably much of the foregoing material is already in your hands but perhaps some of it will be useful.

With best wishes for the success of your undertaking.

Sincerely yours,

N. Loyall McLaren

## HASKINS &amp; SELLS

CERTIFIED PUBLIC ACCOUNTANTS

44 MONTGOMERY STREET

SAN FRANCISCO, CALIFORNIA 94104

April 22, 1976

Mr. Wallace E. Olson  
President  
American Institute of Certified  
Public Accountants  
1211 Avenue of the Americas  
New York, New York 10036

Dear Mr. Olson:

Since receiving your letter of March 19, I have been advised by my doctor that, as I have not wholly recuperated from an impaired eye condition, it will be unwise for me to attend the forthcoming dinner and meeting in Florida. I am pleased to hear that such a large number of past presidents, committee chairmen, and their wives will be present and I know that the dinner honoring John Lawler will be an outstanding occasion.

As I look back over what has happened to the Institute since I became a member, it seems appropriate to jot down a few rambling thoughts about the remarkable transition which has occurred in the last 54 years. At the first annual meeting which I attended in Washington in 1922, there were less than one hundred members present, accompanied by perhaps a dozen wives. No social functions were provided for the ladies. This gave more leisure to the delegates to devote to their favorite pastime - golf and card games. But in a relatively short time the movement for women's rights gained such momentum that it sounded the death knell for men's "lib" in the accounting profession.

In those olden days, there were two schools of thought about the aims and aspirations of the Institute. One group was dominated by the so-called British firms headed largely by Chartered Accountants. They emphasized high standards of professional performance and rigid requirements for admission to membership. Very few staff members were deemed to meet the test so that an extremely high percentage of members were partners or sole owners. The other group was headed by a few national firms and included smaller firms throughout the country. They believed that growth of the Institute should be accelerated if we were to become recognized by the public and government as a profession. They believed also that one of our most important tasks was the improvement of educational and ethical standards in cooperation with the State Societies.

Mr. Wallace E. Olson

April 22, 1976

When I became a council member in the mid-twenties, these basic differences had been heightened and continued to be unresolved until 1936. In the previous year, however, Robert H. Montgomery had won the presidency of the Institute in a hotly contested election. The predominate issue was whether our best interests would be served by means of a merger with the American Society of Certified Public Accountants. Colonel Montgomery was the dominate figure in the ensuing negotiations which were successfully concluded and the merger ratified at the annual meeting in 1936. In retrospect, there can be no doubt as to the wisdom of this action.

Since 1922, the Institute has employed three full time officials to head administrative and secretarial activities. Long before I became a member, the office of Secretary had been assumed by A. P. Richardson who was a staunch supporter of the conservatives. He was highly educated, and was skilled in editorial writing and office management. Unfortunately, however, he continued to embrace the "closed shop" thesis until he was replaced by John L. Carey. In 1930, Jack succeeded Richardson as Secretary until he was made Executive Director in 1948, and finally Executive Vice President in 1967. Fortunately, when Jack came into the picture, he was fresh out of Yale, without previous business experience and, hence, no prejudices. From the beginning, his charm, his keen mind, and his tact were most impressive. Before his retirement in 1969, he had carved out as brilliant a career as any national association executive in the country's history.

This brings us to John Lawler who has carried out successfully many of the policies instituted by Carey as well as many of his own. For some twenty years before his predecessor's retirement, John Lawler had served the Institute well in various capacities: first in the public relations department and later as Editor of the Journal of Accountancy, and finally as Managing Director. Hence, he assumed his new duties as Administrative Vice President with a wealth of experience in every facet of management and planning. During the succeeding seven years, he has quietly but effectively steered the Institute through what have, at times, been perilous waters. One of his admirable qualities has been his modesty and self-effacement. If anyone has shunned the limelight, that man is John Lawler. Now he is retiring from our midst. I extend to him my congratulations - first, upon a job superbly accomplished and, second, upon his acumen in quitting while he is way, way ahead.

Sincerely yours,

*N. Loyall McLaren*  
N. Loyall McLaren

APPENDIX D -

PRACTICE FURTHERANCE

Today only a small percentage of our substantial business enterprises is without some form of relationship with certified public accountants. To be sure, such connection is frequently of a limited character, confined perhaps to sporadic tax advice or occasional consultations. This does not mean that engagements obtained from clients having no regular auditors are of negligible importance in practice furtherance. On the contrary, one of the greatest potentials in professional expansion lies in sizable banks, railroads, insurance companies, and certain governmental agencies that have no regular auditors. And there are still a few successful but unenlightened business organizations in every metropolitan center which consider audit and tax fees as unnecessary an extravagance as opera boxes.

A second source of increased volume is the extension of services to existing clients. We all know family corporations which are still unconvinced that auditors are useful in any other capacity than as tax advisers. Again, many of our present audit clients are unaware of the special talents possessed by members of our organization in such fields as financial analysis and office management.

The third potential of professional growth is found in new or enlarged enterprises. The expansion of our economy at home and abroad and the development of new products as the result of our inventive genius and signal achievements in the field of research mean the investment of huge sums in new commercial undertakings and more audit work.

A fourth opportunity for expansion arises when management decides to make a change in existing auditors.

Finally, we come to tax practice, which many still view with alarm, but which when skillfully handled can be expanded with considerable profit.

The basic attribute upon which every accounting firm must rely for continued success is its reputation for professional skill, integrity and fair dealing. Its best public relations representatives are its own clients. Its worst enemy is complacency, and the greatest antidote to complacency is initiative and alertness. And the exercise of these qualities is the key to increased practice.

Every member of our organization should understand clearly that our future welfare, with due regard to unavoidable mortality in our present clientele, is dependent to a considerable extent upon new clients. And everyone should be informed of the precise steps to be followed when an opportunity for additional work is presented. Whenever a staff member becomes aware of the possibility of new or enlarged work, he should discuss it with his immediate superior. This rule should be followed regardless of whether the prospective employment relates to a present or prospective client. In no event should any negotiations looking toward the performance of professional services be conducted by anyone except a partner or principal to whom authority to act for the firm has been delegated specifically.

I believe that in offices in which there are two or more partners, one should be delegated as the member in charge of furtherance work. Every case involving the possibility of a new audit engagement should be referred to him for appropriate action. Where extension of existing services is the only problem, the matter should be handled with the client normally by the partner in charge of the engagement.

It has been my observation over a period of many years that a large percentage of excellent technicians in our profession are not particularly adept or successful in negotiating for new engagements. I have yet to find one, however, who is conscious of his limitations as a negotiator, or who does not feel that side-stepping this kind of activity is a confession of weakness.

Actually, of course, this reasoning is as fallacious as that of a comptroller who feels that he should lend a hand to the sales department. The point here is that good team play is impossible if everyone calls the signals.

In the great majority of cases in which we are approached with a view to employment, competitive factors are involved. Some instances will be encountered wherein an individual empowered to act, who is well acquainted with a member of the firm, will inform the latter that we have been selected as auditors, and that is that. Particularly as to more important engagements, however, it is likely that other firms have been recommended to the prospective client as well as ourselves. If any of the larger banks in the community have been consulted, it is likely that several firms have been suggested, but that none has been indicated as the bank's first choice. Again, in the event of the establishment of a new business, a change in control, or a change of auditors, it is not unusual to find two or more influential individuals or groups who favor different accounting firms. Frequently such competitive factors are not divulged at the first meeting with prospective employers, if at all.

Sometimes the initial inquiry will be in the form of a letter from another locality. Here, too, the best course of action should be decided by the partner in charge of furtherance work. It may be possible, for instance, that it will be advisable to communicate with friendly banks, or a client in the same locality, or in the same industry, or perhaps one of our own offices before a persuasive reply can be made to the original inquiry.

The reason for channeling practice development activities through one partner is that his gradual accumulation of experience enables him to avoid errors, to save time, and more effectively, in baseball parlance, to "cover all the bases." Moreover, a careful analysis in the first instance undoubtedly in a few cases will establish the undesirability of accepting the proffered work, thus avoiding the embarrassment and possible loss involved in withdrawing from it later.

The first step then is to determine whether we want the engagement. The furtherance partner will almost invariably consult with local partners and occasionally with the executive office before a decision is made. Assuming an affirmative decision, the next step is to obtain all readily available information about the nature of the company's operations and its management and director personnel. Here are some questions that normally arise:

(1) Are any of the company's competitors or important suppliers clients of ours, and if so, are the relations between the two companies such that a word from these clients would be helpful?

(2) Who are the principal bankers and investment bankers, if any? Although most bankers avoid as a matter of policy the recommendation of a single accounting firm, they are very likely, if properly approached, to be helpful in greater or less degree when they find we are being considered as auditors by one of their customers.

(3) What are the other principal business connections of top management and the board of directors? This information is frequently obtainable through the financial manuals, directories of directors, Who's Who, and the like. In the case of relatively obscure companies it may be acquired from local banks, clients in comparable enterprises, or mutual friends.

(4) Do we know the company's lawyers, and if so, may we safely enlist their cooperation?

(5) Who in our firm is best qualified through experience and personality to make the best impression upon the prospective client, and should one or more partners attend the initial meeting?

(6) Is the potential engagement of sufficient significance to warrant the enlistment of help from another office or offices? Here any office is very short-sighted if it fails to cover this important base if a significant engagement is at stake. It may well be that special talents or



client relationships possessed by another office will be the determining factor, whereas the first office may be unable to accomplish the objective by itself.

(7) If we have reason to believe that other firms are being considered for the work, what competitive advantages should be stressed that will be most effective in the given situation?

When answers to the foregoing questions have been obtained within practical time limitations a meeting should be arranged with the spokesman of the potential client. As a general rule it is advisable to have two partners in attendance at the initial meeting. And this is true also if the first conference is in our own office without advance notice. In such event diplomatic but fairly direct questions will often develop much of the required background.

The most desirable combination during the early negotiating period is the partner best qualified to take charge of the work and the furtherance partner. The former can direct his questions to more or less technical features of the engagement and the latter can develop mutual business friendships, banking relationships and the advantages we are prepared to offer in light of the special circumstances of the case.

The second meeting usually will be held in the client's office with the Comptroller in attendance. Its main purpose will be to establish the scope of the engagement and its cost. Normally the partner to whom the case would be assigned should be our only representative at the conference. It is important for him to have in mind that the impression he makes upon the comptroller may be a material factor in the company's selection of auditors.

In the rare cases in which further meetings are required before a decision is made, the partners already familiar with the problems involved should review the situation and agree upon the best course of procedure in

light of negotiations to date.

Irrespective of whether the employment of other firms is under consideration, the client is likely to have more than a casual interest in the subject of fees. I believe that we should curb our natural tendencies to be conservative and, especially when in competition with others, should base our fee estimates on the least amount likely to yield a reasonable margin of profit. A provision for unfavorable contingencies in the original estimate has wrecked many a beautiful connection. On the contrary a saving clause to provide for unforeseen complications is rarely objected to by desirable clients.

We come now to another aspect of practice development in which every partner can play a valuable part. In the course of a recent conversation with a prominent New York banker I remarked that one of the most important objectives of any enterprising accounting firm was to have influential people mention its name first when the subject of auditors was discussed. He agreed with this statement and added: "The same principle applies to banking. In order to get anywhere you have to keep in circulation."

This is something that all partners can do. To be sure, the patterns of our respective lives differ, but this is as it should be. The more people who hold individual partners in esteem and who, through them, think of our firm first, the brighter our future will be. Now some of us are naturally gregarious -- we like to be with crowds. Others prefer the company of a few people at a time. Almost anyone can be rated as an extrovert or an introvert -- it is difficult to have the characteristics of both at the same time. The trouble with the former is that he is likely to be too exuberant or aggressive in making business friends. In contrast, the latter is apt to be unduly reticent and retiring.

It seems to me that it is strictly up to each partner to undertake a job of self-appraisal in order to determine how his individual talents can be put to the best use. There are many ways of keeping in circulation, but some of them involve a great deal of wasted motion and wasted time, so far as benefits to the firm are concerned. This is especially the case with respect to active participation in social, fraternal, service and civic organizations if only a small fraction of their members are in a position to be of assistance to us. I do not wish to imply that if a partner derives personal satisfaction from playing an important part in, and perhaps rising to the top of such bodies, he should consider curbing such activities. But he should not delude himself into the belief that the devotion of time and energy to the affairs of a fraternal order, for example, will produce many significant engagements. On the other hand, service on community chest committees, charitable boards and governmental study committees are much more likely to attract favorable attention on the part of business leaders. I would rather be chairman of the budget committee of our Community Chest than president of the local Rotary Club.

Some of our partners have a natural flair for congenial association with their fellows in the more prominent city and country clubs and at top-level social gatherings. The very fact that they are able to establish such relationships is indicative of their ability to instill confidence in potential clients and to avoid any "play-boy" implications. Certainly our partners who have entree to the circles in which key officials of potential clients move should be encouraged to make the most of the opportunities thus offered.

A word is appropriate about entertainment. It has been my experience over a long period that one of the soundest investments available to us is to

arrange luncheons or dinners in honor of a distinguished or colorful visitor to our city. Top officials of important clients and other leading citizens are happy to attend such affairs and are grateful to be invited. Moreover, in the course of time your name is added to their list of guests when they give similar parties, thus enabling you to keep in circulation in a most pleasant and effective way.

Our partners with less gregarious inclinations can do much in the way of attracting favorable attention to the firm by writing books and making worthwhile contributions to technical and general-interest magazines. I have always felt that the senior partner (now retired) of a certain large firm should be credited with a major assist in enhancing the prestige of his organization by virtue of his scholarly articles appearing occasionally in The Atlantic Monthly.

Sometimes we are invited to address trade association conventions, chamber of commerce meetings, and the like. Benefits can undoubtedly be derived from these appearances but we must be careful to gear our remarks to the capacities and tastes of each audience. In addressing credit men we can present fairly technical material, but in talking to a group of investment bankers on the subject of taxation we must realize that a discussion of the intricacies of the excess-profits tax law will merely bore them. Here it is much more effective to build our talk around pertinent anecdotes interspersed with serious material readily comprehensible to the audience.

It is safe to assume that in the bulk of important accounting engagements the selection of auditors is largely in the hands of the president or the auditing committee of the board of directors. If the existing relationship with the independent accountants is satisfactory, their formal or informal reappointment from time to time is a routine matter. But if audits

have not been made regularly or a change of firms is in order, the president or a regular or specially appointed audit committee must assume responsibility for the choice. The few cases of large corporations in which the financial vice-president or chairman of the finance committee perform this function involve like processes.

Should the key individual have a close friend who is a partner of a good firm, the decision is usually automatic. As a canny practitioner well known to many of us has observed: "All I want is to be next in line." Of course there are instances in which, despite the wishes of the key individual, his selection will not be confirmed. For example, one or more members of the Board or the Comptroller may express his lack of confidence in the nominee, or pressure may be exerted by commercial or investment bankers in behalf of another firm with which they have more intimate relationships.

It takes no Einstein or Bernie Baruch to figure out that our extensive practice in financial circles can be utilized advantageously in furtherance work. Our objective is to see to it that our banking and brokerage friends think of us first, not only as preeminent in Wall Street accounting, but also in the audit of industrial and mercantile ventures. Naturally the comptrollers or chief accounting officers of financial concerns are the officials with whom we develop the closest relationships after we become the regular auditors. But more often than not such men are concerned almost exclusively with internal problems, whereas vice-presidents in the credit departments of banks and partners in the buying and financial analysis sections of investment banking firms are the individuals who are concerned more directly with the relationship of their customers with independent auditors. And so we are presented with a great opportunity for teamwork in which the partner in charge of the engagement and a furtherance partner can cooperate with the objective of helping our clients to acquire the laudable habit of saying to

customers that they know of no better firm than their own auditors. The point I have just made is applicable, of course, to all offices whether located in financial centers or smaller cities.

It strikes me that too little attention is paid by most C.P.A.'s to an orderly and reasonably systematic program of practice furtherance. In every community in which our offices function there are a considerable number of financial and industrial leaders and lawyers who exert or are in the position to exert great influence in the selection of auditors. Someone in each office should meet as many of these men as possible and, having done so, should keep the friendship warm, either through social meetings or by business calls whenever a legitimate opportunity presents itself. Initiative and enterprise will suggest from time to time subjects of mutual interest which will guarantee a warm welcome. And sooner or later during one of these visits our friend will say: "Oh! by the way, Mr. X told me that he is organizing a new company and I was happy to mention your firm as logical auditors." It then becomes our move.

A few months ago I had a chat with another bank officer in New York who was formerly a partner in an auditing firm. He told me that he had been astonished to find out in his new capacity that so few of the large auditing firms follow a sound program looking toward the enlistment of the support of commercial banks. He intimated that those who do so reap substantial benefits.

You have observed, no doubt, that I have said nothing about ethics. The obvious reason for the omission is that one never discusses matters of decency and good manners in a gathering of gentlemen.



APPENDIX E

6/6/63

Citation to accompany the conferral of a doctorate of laws, honoris causa, on N. Loyall McLaren, Sunday, June 9, at the university's 104th commencement:

\*\*\*\*\*

If a university were asked to summarize what it would like its students to be, the word for it might well be friend-worthy. Wisdom incarnate once said, "You are my friends if you do the things I have commanded you."

One makes himself worthy of friends and of friendship by deeds. And deeds that merit friendship have filled the life of the man we honor today.

His name almost a synonym for good causes in San Francisco, he has led countless undertakings that have enriched the life of his beloved City. Twenty years of service to the United Crusade and his work as a director of the National Foundation exemplify his abiding compassion for his fellowman.

California institutions of higher learning, both independent and public, are greatly in his debt for his advocacy on their behalf, which has provided significant and lasting benefits to generations of students.

Respected for his wisdom, for his integrity, and for his professional excellence, he stands as a business leader of extraordinary achievement and one called upon repeatedly to serve his country. Willingly he has done so, as a wartime Naval officer, as this nation's financial advisor to the Commission on German Reparations in Moscow and, in peacetime, as an economic consultant to the Congress of the United States.

As a trusted advisor to her Presidents and as a founding member of her Board of Regents, he has won deep admiration and affection for unselfish devotion to the pursuits of the University of San Francisco.

Author of books, creator and producer of plays, trusted confidant of men who rejoice in his friendship, this is a many-faceted man of parts, whose achievements and distinctions are borne lightly, even gaily.

mclaren citation 2222222222222222

The Lord, it is well said, loves a cheerful giver; a sad saint is no saint. And in a world of too much sadness and self-importance, the University is happy to point out to her younger people a cheerful man, whose kindly, merry ways have brought a sweet leaven to the lives of all who know him. With great joy then, the University of San Francisco having found such a friend-worthy man in the community and, indeed, among her own family, adds to his many honors her own tribute of appreciation and praise and confers on Norman Loyall McLaren, the degree of Doctor of Laws, honoris causa, with all the rights, responsibilities and honors pertaining thereto.

Given at San Francisco in the State of California this ninth day of June in the year of Our Lord nineteen hundred and sixty-three, and of the University the one hundred and eighth.

Charles W. Dullea, S.J.  
President



## APPENDIX F

THE MOST VENERABLE ORDER  
OF  
THE HOSPITAL OF ST. JOHN OF JERUSALEM

I became a member of this Order almost 10 years ago. My sponsor was Kenneth Montegle who had been a member for a number of years. This Order is generally regarded as being the most prestigious in England. Her Majesty, Queen Elizabeth II, is the Sovereign Head, and H.R.H. the Duke of Gloucester is the Grand Prior. The headquarters are at St. John's Gate, Clerkenwell, London.

Branches are maintained in many European countries.

The American address of the Society is the Cathedral of St. John the Divine in New York City.

In the latter part of each year, a meeting is held in New York which includes the installation of new members. In addition, meetings are held in New York or elsewhere to mark special occasions. Along with annual dues, there are occasional campaigns for special purposes. It has been my pleasure to attend a considerable number of meetings all of which have been interesting and inspiring.

[Dictated by N.L. McLaren to his secretary, approximately August, 1977]

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